Austria ... Sch. 18	Indonesia ... Rp.2500	Portugal ... Esc 80
Bahrain ... Din 0.650	Italy ... L 1300	S. Arabia ... Rls 6.00
Belgium ... Bfr 38	Japan ... Y550	Singapore ... S$ 4.10
Canada ... C$2.00	Jordan ... Fils 500	Spain ... Pta 110
Cyprus ... C£0.90	Kuwait ... Fils 500	Sri Lanka ... Rup 30
Denmark ... Dkr 7.25	Lebanon ... L£ 6.00	Sweden ... Skr 6.50
Egypt ... E£1.00	Luxembourg ... Lfr 38	Switzerland SFr 2.20
Finland ... Fmk 6.00	Malaysia ... Rm 4.25	Taiwan ... NT $85
France ... FFr 5.00	Mexico ... Pes. 300	Tunisia ... Din 0.600
Germany ... DM 2.20	Morocco ... Dh 6.00	Turkey ... L 210
Greece ... Dr 70	Netherlands ... Fl 2.50	U.A.E. ... Dh 6.50
Hong Kong ... HK$ 12	Norway ... Nkr 6.00	U.S.A. ... $1.50
India ... Rup. 15	Philippines ... Pes. 20	

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Rajiv Gandhi's views on India, Page 22

World news

Greek elections expected in June

Greek Prime Minister Andreas Papandreou has bowed to opposition demands and will ask for the dissolution of parliament and fresh elections as soon as his proposals for constitutional changes are approved.

Conservative opposition leader Constantine Mitsotakis had called on Mr Papandreou to end the deadlock caused by his party's refusal to recognise Greece's new Socialist President elected last month, Christos Sartzetakis, by calling an early election.

Mr Mitsotakis had earlier called on Mr Papandreou to hold an inquiry into his charges that the Conservatives had tried to bribe Government MPs during the presidential election. **Page 24**

French poll reform

France will chose next year's National Assembly by a form of proportional representation. The move is seen as an attempt by President François Mitterrand to stave off a defeat of his ruling Socialists by the Right. **Page 3**

Terrorists attack

The Palestinian Black September terrorist group narrowly missed the Jordanian embassy in Rome with a bazooka attack.

Moscow hopeful

Moscow sees hopeful prospects for improved trade relations with the U.S. despite U.S. discrimination against Moscow, a senior Soviet foreign trade official said. The Soviet Union also agreed with China to increase trade along their mutual border by 43 per cent a year.

Tamils kill nine

Tamil separatist guerrillas in Sri Lanka killed nine policemen and wounded 10 others in an ambush of two police vehicles with landmines in the troubled eastern province.

China special powers

The Chinese Government is to take over special powers to enact provisional financial regulations in an effort to damp down the economy after a wave of inflationary wage rises. **Page 4**

Mirage crashes

A French Mirage fighter crashed in eastern France, killing a woman whose car was hit by wreckage. The pilot was injured after ejecting from the aircraft.

Cholera deaths

At least 192 people have died of cholera in the northern Somali town of Hargeisa, bringing the death toll since the outbreak started last week to 592.

Neves recovering

Brazil's 75-year-old President-elect Tancredo Neves was recovering well from his fourth operation in 17 days, according to a Sao Paulo hospital bulletin. **Page 5**

Israel accused

The International Committee of the Red Cross accused Israel of violating the Geneva Convention by transferring 1,000 Arab prisoners from a camp in southern Lebanon to Israel.

'Eliminate' rioters

South African police were told to "eliminate" rioters who threw petrol bombs in an order sent two days before police shot dead 19 black people at Langa, the inquiry into the deaths was told by a police colonel. **Page 4**

Iraq wants Mirages

Iraq wants to buy between 40 and 48 Mirage 2000 fighter-bombers from Dassault-Bréguet of France.

Business summary

Two UK banks cut rates by ¼ point

BRITISH banks Barclays and Midland cut base lending rates by ¼ point to 13¼ per cent, still ¼ point above the level set last week by competitors *National Westminister* and Lloyds. **Money markets, Page 47 Page 10**

Lawson hint on UK tax cuts

BRITAIN is prepared to respond to lower wage settlements by cutting taxes, Chancellor of the Exchequer Nigel Lawson said. **Page 19**

DOLLAR was weaker in London, falling to DM 3.1225 (DM 3.149), FFr 9.535 (FFr 9.6075), SwFr 2.6465 (SwFr 2.66) and Y253.2 (Y254.1). On Bank of England figures, the dollar's exchange index fell to 147.4 from 148.0. In New York it closed at DM 3.1410, FFr 9.5925, SwFr 2.6645 and Y253.60. **Page 47**

STERLING firmed in London, gaining 60 points against the dollar to close at $1.2135. It also rose to FFr 11.585 (FFr 11.58) but was unchanged at SwFr 3.205 and Y307.0 and eased slightly to DM 3.8 (DM 3.805). The pound's exchange rate index rose 0.2 to 77.1. In New York it closed at $1.2090. **Page 47**

GOLD rose slightly on the London bullion market to close at $319.25. It also improved in Zurich to $320.75. In New York, the Comex April settlement was $316.80. **Page 46**

PARIS stocks continued their record-setting ways, taking the CAC General index to an all-time high – up 2.4 at 215.7. The bourse has been buoyed by some recent better-than-expected corporate results. **Section III**

LONDON equities wilted ahead of the Easter holiday. The FT Ordinary index fell 12.9 to 8,956.5. Gilts were mainly steady. **Section III**

WALL STREET: The Dow Jones industrial average closed 7.62 down at 1,258.06. **Section III**

TOKYO reached a record high as the Nikkei-Dow market average rose 53.40 to 12,683.26 in heavy volume. **Section III**

BRITISH ECONOMY has been performing better than expected in recent months, the Bank of England says in its latest quarterly bulletin. **Page 19**

LASMO, the UK oil group, plans to raise £67.3m through a rights issue to fund expansion. The group also reported pre-tax profits of £113m for 1984, £23m more than in 1983. **Lex, Page 24; Details, Page 32**

PEARSON, Britain's newspaper-to-merchant-banking conglomerate, has made a £12.5m ($15m) agreed bid through its Longman publishing group for the publishing and examinations business of the Pitman group.

UNITED SATELLITE Communications, first and only commercially *available direct broadcast satellite* service in U.S., ceased operations. **Page 25**

WESTLAND, Britain's only helicopter manufacturer, received a double blow to its hope of achieving orders worth nearly £600m ($720m) for its Westland 30 aircraft. **Page 24**

FMC, the U.S. chemicals and equipment group, is considering the manufacture of methyl isocyanate, the chemical that killed an estimated 2,000 Indians after a leak at the Union Carbide plant in Bhopal last year. **Page 25**

BAYER, the West German chemical *and pharmaceutical group*, lifted earnings 34.1 per cent to DM 2.9bn ($920m) last year, aided by the general economic recovery and the strength of the dollar. **Page 25**

The Financial Times will not be published tomorrow or on Monday because of the Easter holiday. The Saturday edition will be published as usual from London.

Bonn accord may give Europe big defence contracts

BY PETER BRUCE IN BONN

WEST GERMANY has agreed to lift *its objections to the Nato-wide in*troduction of a new U.S. air combat identification system.

Bonn's agreement to drop its once powerful support for a rival system developed by Siemens finally opens the way for the implementation of a $12bn installation programme which is likely to mean big contracts for West German, British and French manufacturers.

The systems, commonly known as Identification Friend or Foe (IFF), use coded radio signals that allow pilots to distinguish between enemy and allied aircraft and missiles.

Present IFF systems in Nato are old and unreliable, and the U.S. has been *arguing that its system* is a logical replacement for those. Bonn, however, has until now been supporting the Siemens system, saying its higher frequencies would distinguish it from civilian bands and that it would be more difficult to jam or interfere with than the U.S. devices.

Defence Ministry officials said yesterday that the West German Defence Minister, Herr Manfred *Wörner, and the U.S. Defence Sec*retary, Mr Caspar Weinberger, had reached agreement on IFF during Herr Wörner's current visit to the U.S.

The Americans were not prepared to re-equip their aircraft with the German system, the officials said, adding that because so many U.S. aircraft had already been fitted out, Washington's position had become "practically irreversible."

They said Herr Wörner had given in to the U.S. only with the greatest reluctance and on condition that Bonn received significant compensation for lifting its objections, which many observers believe had become a serious obstacle to smooth Western arms co-operation.

The British Government, too, has been embarrassed by the row, which had forced it to take sides, although discreetly, with Bonn against Washington.

In return for the German green light, Herr Wörner is understood to have made clear that he expects a high proportion of IFF production to be in Europe. Although Defence *Ministry officials said it was* highly unlikely that Herr Wörner would have acceded to the Americans without first telling the British and French, it seems he will press for the lion's share of European production to be in Germany.

The agreement in Washington is likely to be followed up by talks between the German, British and French on how to divide up production.

Although news of the final demise of the German system is likely to come as something of a disappointment to hopeful local contractors, Herr Wörner has also come close to securing two other important contracts for local manufacturers. Siemens has anyway for some time thought its system unlikely to be adopted.

A memorandum of understanding between Washington and Bonn is expected to be signed in the *next few weeks that might give* a lo-

Continued on Page 24

Reagan rebuffed over MX, Page 5

BA offers $16m cash to end Laker wrangle

BY DUNCAN CAMPBELL-SMITH IN LONDON

SIR FREDDIE LAKER and Mr Robert Beckman, his long-serving U.S. lawyer and confidant in the protracted legal battle to win compensation in the courts for the collapse of Laker Airways in 1982, have been offered $8m each in a confidential settlement being put together by British Airways (BA).

The combined $16m offer to the two men has been one of the most troublesome elements in a deal now being proposed by BA in its attempt to clear away litigation resulting from the Laker collapse and impeding its own progress towards privatisation.

The payment has already played a crucial part in a series of frustrating delays for BA, which since the end of January has had to cancel two deadlines on the implementation of its proposed deal.

The payment could also oblige BA to meet a significantly heavier proportion of the total litigation bill than the airline anticipated only a few months ago – perhaps amounting to $30m or more.

One important beneficiary of these developments is thought to be the Export-Import Bank of the U.S., which was originally offered rather less than $10m in cash and might now receive about twice that amount. Exim was Laker Airways' biggest creditor and is owed about $75m.

Details of BA's latest proposals, including the revised terms for Exim, are to be reviewed formally at a conference of all the interested parties in Washington next Wednesday.

Principally at stake is the outcome of the $1.05bn civil anti-trust suit launched on behalf of the creditors of Laker Airways in November 1982 by Mr Christopher Morris of London accountants Touche Ross, who is the Laker Airways liquidator.

BA is one of 12 co-defendants to the action and was advised last November that an out-of-court settlement would be essential before the airline could press ahead with privatisation. Its senior executives and lawyers are in the fifth month of intense discussions with a plethora of negotiators representing Mr Morris and the Laker creditors on the one hand and BA's fellow co-defendants on the other.

None of these discussions would yet be described as closed by any of the lawyers involved and important details remain outstanding vis-à-vis several creditors. BA has, however, made enough progress with the creditors generally to begin a more decisive round of talks in the last fortnight with its co-defendants – only to find the question of compensation for Sir Freddie as contentious as ever.

Five weeks ago BA had to abandon a February 28 deadline when Exim refused to countenance a payoff several million dollars less than the combined payments to Sir Freddie and Mr Beckman. Having successfully sweetened the terms for Exim, BA has asked at least one of the co-defendants for a significantly higher contribution to the settlement than originally envisaged.

The co-defendants comprise nine other international airlines together with McDonnell Douglas and its subsidiary financing corporation. Far from contemplating any requests for higher settlement contributions, a number of the airlines still appear most unhappy with the

Continued on Page 24

BAe privatisation plan, Page 24

Golden Nugget casino group to bid for Hilton Hotels

BY PAUL TAYLOR IN NEW YORK

GOLDEN Nugget, the Atlantic City hotel and casino operator, yesterday offered to acquire the 27.4 per cent stake in Hilton Hotels held by the estate of Mr Conrad Hilton, the group's founder, for $72 a share, or $488m.

In a brief statement, Hilton – which is roughly twice the size of Golden Nugget – added that Mr Steven Wynn, Golden Nugget's chairman and chief executive, had said that if Golden Nugget acquired the stake it would launch a similar cash offer for the rest of Hilton Hotels' outstanding shares, valuing the company at $1.78bn.

The bid was immediately termed "inadequate" by Mr Barron Hilton, the eldest son of the group's founder, and its current chairman and president. Mr Hilton added that he had previously exercised an option to acquire the 27.4 per cent stake owned by Mr Conrad Hilton's estate.

Golden Nugget last year reported sharply lower net earnings of $8m on revenues of $384.9m, but has built up a large cash hoard, thought to total about $250m.

Mr Wynn said in a letter to Mr James Bates, executor of the estate: "I will be prepared to discuss the details of the offer with you and all other interested parties." He added that the offer would expire in 10 days.

The letter added: "Acceptance of our offer will allow the Conrad Hilton Foundation to achieve a dramatic increase in its income and further its worthy objectives. On a conservative basis, the foundation could earn as much as $60m a year as contrasted with the current dividend on the Hilton shares of about $12m. It also permits the estate and foundation to receive values substantially in excess of the highest price at which Hilton common has ever traded."

Mr Wynn added that the acquisition of a significant stake in Hilton "would be beneficial to Hilton and its stockholders, particularly in the light of recent developments in New Jersey."

Hilton Hotels, which manages or owns over 250 hotels in the U.S. with about 90,000 rooms, and also owns two casino-hotels in Las Vegas, has recently been battling to win approval for a licence to operate a $300m hotel it has built in Atlantic City.

Last year Hilton Hotels reported net earnings of $96.1m on sales of $612.5m.

Negotiated settlement on Bhopal dismissed by Gandhi

By John Elliott in New Delhi

MR RAJIV GANDHI, the Indian Prime Minister, said yesterday that it was "very unlikely" that his country would reach an out-of-court set*tlement with Union Carbide on* damages for the Bhopal gas disaster in which more than 2,00 people died last December.

In his first interview with a British newspaper since becoming Prime Minister five months ago, Mr Gandhi told the Financial Times that the U.S. company had offered an out-of-court settlement in New Delhi this week that was too low.

It was very unlikely, the Prime Minister said, that a negotiated settlement could stop India launching a court action in the U.S. against the company.

The Bhopal incident had made India rethink the whole business of foreign companies coming in with *investments as part of the country's* liberalised industrial policies.

"When they are in it only for making a buck at any cost, that is not good enough for us," he said.

Mr Gandhi also indicated that India's approach to its relations with the two superpowers was unlikely to change. He underlined the country's "strong friendship" with the Soviet Union, which had "stood by us in times of need." The U.S., on the other hand, had "let us down on a number of occasions" and was now arming Pakistan and allowing it to develop a nuclear bomb.

Negotiations between senior Union Carbide executives and Indian Government officials led by Mr K. Parasaran, Attorney-General, continued until late yesterday with no prospect of an early settlement insight.

The Indian Government appears both insulted and enraged by Union Carbide's offer, which spreads payments over many years, probably well into the next century.

Mr Gandhi said there was now more concern in India about American rather than European or Japanse industrial investments.

Paul Taylor in New York writes: Union Carbide, standing by its existing policy, yesterday declined to comment on the specific negotiations under way in India. However, the company repeated its assertion that a "fair" negotiated settlement would be in the best interest of all parties.

The U.S. parent group also repeated its warning that it would "defend itself vigorously" against any Indian Government suit filed in the U.S. and added. "We believe such suits would be dismissed."

Interview with Rajiv Gandhi, Page 22; FMC to make deadly chemical, Page 25

UK toughens bank rules on Euronotes

BY DAVID LASCELLES AND PETER MONTAGNON IN LONDON

THE BANK of England yesterday announced tough new accounting standards for banks involved in the fast-growing $35bn Euronote market, which has hitherto been free of regulation.

Its move is intended to ensure that banks that underwrite Euronote issuance facilities have adequate capital backing for such business. Previously, banks have been *allowed to treat such contingent* commitments as "off-balance sheet" business which requires no capital backing.

In a circular the Bank said it was starting a review of all off-balance-sheet commitments incurred by banks. The growth of these commitments has led to banks taking on obligations "on terms which in the Bank's view do not properly reflect the risks involved."

As a provisional measure it has, however, told banks that contingent commitments from note issuance facilities must henceforth be included in the risk asset ratio it uses to measure a bank's capital adequacy.

The commitments must be given a weighting half that of a straightforward loan when the ratio is calculated.

Note-issuance facilities involve the continuous sale of short-term paper to investors in the Euromarket which is underwritten by a group of banks or backed up by a line of credit that can be drawn on if for any reason the paper fails to sell at a specified price.

They have been launched by prestigious borrowers, including Sweden and Imperial Chemical Industries of the UK, which find them *a cheap and flexible way of raising* money. Merrill Lynch yesterday launched its 50th such facility in the form of a $600m deal for Deere and Co., the U.S. farm equipment group.

Bankers have long feared that the business would be subject to capital requirements that might force up underwriting fees and make this type of borrowing less competitive.

The initial reaction of several bankers yesterday was that the impact of the move would depend on whether other central banks followed suit. If they did not foreign banks might simply move their Euronote business outside the UK.

Many banks have already estab-

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Bank of England drags its feet, Page 23; Lex, Page 24; John Deere raises $600m, Page 48

Paris set to reopen Eurofranc market

BY PAUL BETTS IN PARIS

THE FRENCH Government is planning to reactivate the Eurobond market for French francs in a further relaxation of the country's stringent foreign exchange controls.

Senior government officials said yesterday that a decision to reopen the so-called Eurofranc market was "imminent." M Pierre Bérégovoy, the Finance and Economy Minister, held a meeting with the leading French banks yesterday to ensure an orderly reopening of the market.

The Eurofranc market has had a chequered history. It has suffered several starts and closures since the late 1960s, mirroring the mixed fortunes of the French currency. Successive attempts have been made to resurrect a French franc Euromarket in 1967, 1971, 1975 and 1979. The last attempt came to a sudden end when the Eurofranc market dried up virtually overnight after the Socialists came to power in May 1981.

The relative stability of the franc within the European Monetary System (EMS) in recent months, coupled with last year's improvement in the country's overall balance of payments, has prompted the monetary authorities to reopen the Eurofranc market, however.

The French authorities see the move as a further way of boosting confidence in the French currency. It follows a series of other relatively modest steps to relax foreign exchange controls since last summer.

The reopening of the Eurofranc market will again enable French enterprises to issue French franc Eurobonds. Gaz de France, the French gas utility, is already proposing to tap the new Eurofranc market with a first FFr 500m ($52.1m) issue managed by the Crédit Commercial de France (CCF). That issue – the first since 1981 – is expected to be floated next week.

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Penalty for some Italians, Page 2

CONTENTS

Moscow steps up purge of local Communist Party officials

BY PATRICK COCKBURN IN MOSCOW

IN A FURTHER escalation of the purge of local Communist Party officials in the Soviet Union, the daily newspaper Pravda yesterday criticised parties for reappointing to new jobs local leaders dismissed for incompetence or corruption.

Pravda said that at a recent meeting of the Communist Party of Azerbaijan it was pointed out that those dismissed did not like to be demoted after dismissal. "Many leaders simply change seats from one armchair to another," the newspaper said.

Pravda cited the example a local Communist Party leader who was discovered to have added 100,000 roubles to his accounts. This punishment, the newspaper complained "was merely a severe dressing down with a record in his party registration form. Even after conviction in court for criminal activity he was not expelled from the party." He was given a new job with similar responsibilities.

The present purge of the 165 district and republican Communist parties which hold power in the Soviet Union is distinguished by the extensive publicity given to criticism in the press.

A Western specialist in Soviet affairs said: "There was plenty of press criticism in the Breshnev era. But now press exposure is almost invariably followed by dismissal."

The clean-up of party and government started under Mr Yuri Andropov in 1983 and continued under President Konstantin Chernenko. But in the weeks since Mr Mikhail Gorbachev became General-Secretary of the Communist Party it has turned into a wide-ranging campaign.

The speed with which the senior officials have been dismissed indicates that the central committee of the party is probably orchestrating the local party meetings and the attacks on the corrupt.

These are often extremely detailed. In yesterday's Pravda, there was a letter from Irkusk in Siberia describing how an official went to one improverished village in the region and immediately built himself a mansion with a garage, bath-house and central heating. He had at his disposal teams of builders and machines though the local children's playground could not be redecorated because there was no paint.

Ferocious penalty for Italians who transgress

BY JAMES BUXTON IN ROME

THE EVENING flight had left London for Rome nearly an hour late. The passengers on the airbus were just getting over their irritation at the delay when the crew started handing out forms. Everyone, they said, must write down on them all their foreign currency and travellers cheques, and then get the form stamped by Italian customs when they arrived at the airport.

TShe bewildered tourists and businessmen set to work, counting out their banknotes and wondering just what sort of country they were going to. But when they reached Fiumicino Airport they found the customs men had already gone home. So too had the taxi drivers.

If there is one thing that differentiates Italy from most other industrial countries it is its very tight foreign exchange controls. The passengers on that flight were unlucky to be subjected to a ritual that has generally been abandoned. But for Italians the restrictions are drastic and the penalties for breaching them are ferocious.

Whereas an Englishman has since 1979 been able to export as much capital as he likes, an Italian has to get official permission for almost any transaction. He may not maintain a bank account abroad except for authorised business use. He may not own property abroad unless he can prove that he needs it for work.

If he has a credit card he may use it abroad only for buying "tourist services"—which do not include shopping—and if he needs it for business use the amount of foreign exchange he can spend is fixed in advance with the authorities.

If an Italian wants to buy shares in a foreign company he h as to make a non-interest-bearing deposit equivalent to 40 per cent (until recently 50 per cent) of the value of the investment.

What's more, the penalties for breaking the rules are severe. Anyone who exports or holds abroad Lire 5m (£2,200) risks going to prison for up to six years.

Italy has a long history of exchange controls. "It is almost a cultural attitude," says one official. "It's a belief that you can control anything: in particular the flow of money. In practice you can't."

Mussolini instituted exchange controls before the war and they have remained in some form ever since. They were relaxed in the late 1950s and 1960s when the balance of payments was mostly healthy and the lira was strong. But in the 1970s they were tightened again as the oil crisis struck.

In 1976, a year in which the Lira was devalued three times, foreign reserves dropped at one point to only $500m and there was widespread fear that the Communists would sweep to power. The rules were drastically tightened.

The rich were getting their money out as best they could. Rowing boats took it in cash across the lakes to Switzerland, and shady deals were devised to get capital out by means of share purchase and insurance swindles.

An anxious parliament hustled onto the statute books the now notorious law 159 of 1976. It made it a criminal offence either to send or to hold abroad any sum above Lire 5m, without permission. It ordained that every foreign exchange transaction was illegal except for those specifically approved by the government.

It also required Italians who owned property abroad to sell it and bring the proceeds back to Italy—in her recent book Susanna Agnelli, sister of Sig Gianni Agnelli, chairman of Fiat, tells how she had to sell up her apartment in New York and return to Italy.

The law even made it the responsibility of banks to determine whether any commercial transactions with foreign companies were conducted at the right price and were free of over-invoicing—putting in a higher bill so that the importer could get foreign exchange out of the country. "It was an impossible responsibility to put on the banks—how could they carry it out without going down to the warehouse and looking round?" asks Sir Riccardo Dalla Vedova, a lawyer campaigning for reform of the currency laws.

People went to prison under the law and even foreigners who had tangled with it were prosecuted—Swiss bankers for example. Yet the law did not, in most people's view do much good. An import deposit scheme and the immense resilience of the Italian economy were more effective in bringing the balance of payments back into surplus.

Dr Lamberto Dini, deputy governor of the bank of Italy, reflecting recently on the various measures applied in the 1970 said that they "showed the disadvantages and limits of strategies based on exchange restrictions."

Since then the balance of payments has passed through another period of crisis and become reasonably healthy again. But perhaps more important, the psychological climate has completely changed. Italians are no longer desperate to get all their money out of the country: on the contrary in the last two or three years they have been repatriating much of what they had illicitly exported in order to finance their businesses and avoid punitive domestic interest rates. The professional currency smugglers of the north have had to turn to burglary to make a living.

Italy's foreign currency reserves are growing and foreign savers and companies are investing in Italian companies—the case for keeping draconian foreign exchange rules is weak, and, as Dr Dini admitted in his speech, the rules may be in conflict with the Treaty of Rome—a point the EEC Commission has emphasised to the Italian government.

Even so progress on unshackling Italians from exchange controls has so far been small. Italy, said Dr Dini, ought to aim for the complete liberalisation of capital movements, but he added: "The still fragile state of the balance of payments, as well as the potential demand for funds outside of the country which has built up over the years of restriction, make us reject the risks of total liberalisation in the short term."

Last year, however, the Ministry of Foreign Trade slackened the restrictions on tourist spending abroad, and the curbs on Italians making foreign investments and lengthened the time businesses are allowed to hold foreign exchange in Italy before having to turn it over to the authorities.

The Government has, however, presented to parliament a Bill to reform the notorious Law 159. It raises from L5m to L100m the level at which a currency offence begins to carry a prison sentence instead of a fine, and reverses the much criticised principle of the law under which everything is illegal except what the Government specifically permits.

But the law has still not been aproved by parliament, despite having been presented in late 1983. It has been held up by Communist opposition, though the party insists that it does not oppose the principle of the measure, only certain details. But the suspicion lurks that the party instinctively favours tight controls on capital movements. "Their opposition has held up this Bill," says Sig Dala Vedeva, "they may not call that obstruction but I do."

France moves slowly to ease exchange controls

Nibbling at the edges of a draconian system

BY DAVID HOUSEGO AND DAVID MARSH IN PARIS

M MICHEL Camdessus, Governor of the Bank of France, likes to tell acquaintances that he "detests" foreign exchange controls and that they are a drug from which the French economy has suffered too long.

Nevertheless, France still maintains one of the most draconian systems of foreign exchange controls in Europe. Recent efforts at relaxation – such as allowing forward cover on imports denominated in European Currency Units (Ecu) have only nibbled at the edges of an armoury introduced in 1936 and reinforced by the Socialists after they took office in May 1981.

The indications from officials are that M Pierre Bérégovoy, the Finance Minister, and M Laurent Fabius, the Prime Minister, intend to go further in easing restrictions. This approach would be in line with the Government's overall policy of deregulation, as reflected most recently in the furthur opening up of financial markets.

The most likely measures hinted at by officials would be some further loosening on the restrictions on forward cover for import purchases, more leeway for French companies to make direct investments abroad and for individuals to purchase foreign securities.

The foreign currency premium through which French investors have to pass to purchase foreign securities has in any case dropped to only 4 per cent over the franc/dollar parity from 33 per cent at the beginning of 1984, reflecting the rise in the French bourse.

The Government's room for manoeuvre has been strengthened by the relative stability of the franc over the last two years and by the climb in France's foreign exchanges reserves, the Bank of France's foreign currency holdings.

The most volatile part of the reserves, which also include gold, Ecu and claims on the International Monetary Fund, amounted to FFr 115bn ($11.97bn) at the end of February, compared with a low of FFr 30bn at the end of March 1983, just after the last devaluation of the franc within the European Monetary System (EMS).

But equally, the Government knows it can only move at a snail's pace because of the potential vulnerability of the franc within the

M Michel Camdessus

EMS in the face of a continuing decline in the dollar. The cumulative 7 per cent differential in the French and West German inflation rates over the last two years means already that French exporters are uncompetitive in the German market.

Beyond this, the Government cannot afford to take the risk of measures that might encourage pressure to build up on the franc in advance of the key parliamentary elections in March next year.

The head of foreign exchange at a large nationalised bank said: "Things are going well (for the franc) at the moment. But if there is a problem tomorrow – caused, for instance, by an upsurge in the trade deficit, or a big drop in the dollar, there is no room for the Bank of France to tighten up further. Controls are already at about the maximum possible outside the Soviet Union."

Should the right-wing opposition gain power in next year's elections, they have said that they would lift exchange controls. They are counting on an amnesty on illegal transfers of capital abroad and on the proclaimed "orthodoxy" of about FFr 100bn to boost the reserves. But in practice, how far they would go would depend on the status of the franc within the EMS, and the political and economic room for manoeuvre they had at the time.

Existing wealth, succession and income taxes are the major reason why many French still hold much of their savings abroad. But Paris bankers believe that in recent months some of these funds have been returning to France in modest amounts. This reflects wealthy individuals' desire to profit from the high yields on French investments (especially bonds as well as the need to pay high tax bills).

Indicative of their severity, French foreign exchange controls do not permit companies to cover forward. This rule was marginally relaxed in early March under the last easing of the system when companies were allowed to cover forward for Ecu-denominated imports. But businessmen point out that the facility is of only limited value because the Ecu itself provides a currency hedge and Ecu denominated transactions are still small.

Even for Saint Gobain, the diversified glass manufacturer, which is one of the pioneers in the use of the Ecu for financial and commercial operations, Ecu-denominated business now makes up no more than around FFr 1bn in turnover terms.

Of most substantial value in an unpublished Treasury ruling which allows some 10 major, mainly nationalised, groups to take out forward cover on imports, so long as they overall foreign exchange position (including export cover) within controlled limits.

Exporters are required to repatriate foreign exchange earnings within 15 days – a ruling that has remained unchanged since March 1982. French companies seeking to make direct foreign investments abroad need, since December, approval for amounts above FFr 2m – an improvement on the FFr 1m ceiling that had been in force since May 1981 but still well below the FFr 5m limit applicable until then.

Companies investing in the EEC areas can since November finance half of their borrowings in French francs however, compared with the previous limit of 25 per cent.

The only modification that there has been to the system covering the foreign currency premium for the purchase of foreign securities was announced in November. This allows French residents to purchase Ecu-denominated bonds issued on the French market by EEC institutions without passing through the premium.

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France to switch to PR voting

BY DAVID HOUSEGO IN PARIS

PRESIDENT Francois Mitterrand, confirmed yesterday there will be a shift in the voting system to proportional representation for the parliamentary elections next year, in an effort to save the Left from potential defeat.

The President's goal is to give himself sufficient leeway in the divided National Assembly now likely to emerge to build a new Centre-Left coalition that would enable him to maintain himself at the Elysee until Presidential elections in 1988.

The Socialist's gamble is that with this additional breathing space, a Left-wing candidate would have a change of recapturing the Presidency then.

The Cabinet approved the change in the voting system at its weekly meeting. The new system that will come into force is based on allocating seats within a department according to the percentage of votes each party gains.

The advantage to the Socialists of the switch is that it is the voting system likely to be most favourable to them and it is also easy to explain.

Under the present single-constituency — winner-takes-all system, the Socialists would have been reduced to a rump in the National Assembly on the basis of existing voting patterns.

As it is, if they emerge with 26-30 per cent of the vote in 1986, they would be the largest single party and thus in a position to be the pivot of a new coalition.

The shift to PR will at the same time minimise the electoral gains made by the Parliamentary partie of the Right, while arresting the decline of the Communists and confirming in Parliamentary terms the growth of the extreme right-wing National Front.

The Government anticipates a major outcry from the Opposition but coldly calculates that this will die down before the Parliamentary elections next year.

President Mitterrand's official justification for the move is that it forms part of his 1981 election manifesto and that it will provide a National Assembly that gives a truer mirror of French public opinion.

The number of deputies sitting in the new Assembly is expected to be increased by 97.

The battle with the Opposition will be fought first in the National Assembly where the legislation required forms the main item on the agenda for the spring session that opened this week.

More importantly, it will continue in the Senate where the Right has still a majority and

President Francois Mitterrand

has considerable powers to block the Government.

The Opposition is expected to attack the measure as representing a return to the party system of government that brought political instability to France under the Fourth Republic.

It is also arguing that return to proportional representation will no longer give voters the possibility of choosing between two alternative programmes of government.

Beyond these two lines of fire, the Opposition is also counting on public opinion turning against the President for seeming to gerrymander the electoral system.

In an attempt to block M Mitterrand's efforts to woo Centrist and even Right-wing deputies into a new coalition after 1986, the Parliamentary opposition parties intend next week to sign a joint declaration on their objectives of government if they win next year.

The hope is that signatories would find it difficult after the March election to leave the ship in favour of an alliance with M Mitterrand.

The change in the voting system inevitably increases the powers of a President who already has more power than any head of government within the EEC.

On present voting patterns, the most likely outcome of the 1986 election under the new system is that the Parliamentary opposition parties will fall just short of the overall majority of seats needed in the Assembly to form a government.

In these circumstances, they would have to choose between an alliance with the National Front of M Jean-Marie Le Pen or with M Mitterrand.

Danes face labour unrest over Easter

By Our Copenhagen Correspondent

THE DANISH Easter holiday started last night with little hope of an immediate return to normal on the labour front.

Thousands of holidaymakers' Easter travel plans were in jeopardy, folowing a decision by 4,000 Copenhagen shop stewards to continue their strike action until after the weekend.

Union officials declared next Wednesday a national day of protest and called on workers to join a general strike then.

The labour unrest follows the passing by Parliament last weekend of the Centre Right Government's austerity package, including legislation imposing an end to the one-week long strike which has crippled Denmark.

There were signs however that the labour unrest was finally beginnig to lose impetus. According to a spokesman for the Federation of Danish Emplyers, only 10 per cent of workers in the private sector were still on strike yesterday

Farm Ministers hooked in EEC price-fixing drama

BY IVO DAWNEY IN BRUSSELS

AGRICULTURE watchers are on the edge of their seats in anticipation of the next episode in this year's EEC farm price-fixing drama. For the first time Farm Ministers appear firmly impaled on a hook with no visible means of escape.

Undoubtedly, as in each year's suspense-filled negotiation, our heroes will get free. But for the moment at least, not even the participants in the talks can work out how the get-away will be achieved without large-scale bloodshed.

First, a recap on the story so far. This follows the traditional Common Market plot of irresistible force versus immovable object.

In this case, the immovable object comes in the impressively stout form of Herr Ignaz Kiechle, the impressively determined West German Farm Minister.

The irresistible force, perhaps less convincing, is made up of his nine Community colleagues, lined up with the European Commission.

The issue that has brought about the collision is the determination of Herr Kiechle to avoid any cut in cereals prices, a move proposed by the Commission and backed by other member-states.

Th logic behind a price reduction is understood by everybody—indeed it has not even been contested by Herr Kiechle himself. World markets are saturated with grain, and community stores brimming with thousands of unsold tonnes.

Estimates under draft budgets for 1985, following the biggest ever grain harvest last year, calculate expenditure on cereals at a record Eco 2.7bn (£1.4bn) or 14.8 per cent of the Common Agricultural Policy (CAP). It will almost certainly be more.

Consequently, after at least beginning to tackle the even more costly milk surplus last year, it is widely agreed that cereals must now face the axe.

The system for at least beginning this process is a threshold on guarantee payments, which should this year have reduced prices by 5 per cent.

But, anticipating dissent, the Commission moderated this to a 3.6 per cent cut which is broadly accepted by all but Herr Kiechle.

The West German argument is that real farm incomes have fallen substantially more than those of their Community partners over recent years.

Much more important, Herr Kiechle has given categorical assurances to his farmers that they will not suffer a further fall in prices.

This position is markedly uncomfortable for West Germany as one of the principal champions of restraint on farm spending as the French never fail to remind them.

But what would be worse for the ruling CDU-CSU-FDP coalition, who fully back Herr Kiechle's stand, is to be seen at home to renege on their promise to 8m farmers.

The questions mark uppermost in Community minds now is whether the issue will come to a vote. It is early yet, and several more meetings could be needed before the crunch.

But with the recent Mitterrand-Kohl summit believed to be centred on a discussion on abondoning rights of veto for majority voting, connoisseurs of irony are wondering if West Germany can be caught between its Chancellor's commitment to Community democracy and the poiltical imperative of blocking a price cut.

Normally, apparent impasses of this kind are negotiated away through trade-offs in other farm sectors. Indeed, there are several other sub-plots to the story—milk rules, agri-monetary matters and fruit and vegetable prices—where deals can and will be done.

But none of this reduces the pressure on the cereals confrontation, described by Sig Filipo Pandolfi, the Italian Minister and current council chairman, as "the symbol and linchpin of the negotiation."

He brushed aside (though did not rule out) the possibility that Germany may be allowed to make exceptional compensatory payments direct to farmers as they did last year.

But when pinned down he would not rule out a confrontational vote. "It is provided for in the Treaties," he said.

The West Germans themselves seem to hope that stricter quality controls, which reduce costs, could let them off the hook—but this too is unlikely.

More plausible, but as yet unexplored, might be an adjustment in agri-monetary arrangements that protect German farmers.

As the farm prices should have been settled by April 1, time is now beginning to bring pressure to bear. . . .

Watch this space.

OVERSEAS NEWS

Lebanese prisoners taken to Israel

BY LYNNE RICHARDSON IN TEL AVIV

ISRAEL HAS vacated and begun dismantling its top security prison at Ansar in southern Lebanon, but nearly two thirds of the inmates have been transferred to another jail inside Israel.

Over 750 Lebanese residents, mostly Shi'ites, were freed to return to their homes, some to villages still in Israeli held territory.

The released Lebanese sang defiant songs and told reporters that they intend to "continue the fight against the conquerers of our land." The Israeli forces issued them with a letter which warns them to refrain from future hostilities. "We know all about you. We will be watching your every step . . , if you do anything to endanger our security we shall find a way to deal with you," it said in part.

A far larger number, however — some 1,200 — were transferred in a convoy of buses across the international border into Israel where they will be held for an indefinite period. During the journey, the detainees, all of whom are suspected of actions against the occupying force, were blindfolded and tied hand and foot. Traffic was barred from the route taken by the windowless buses.

The International Red Cross, in an unusual public accusation, said yesterday the transfer of prisoners from the Ansar camp in south Lebanon to Israel violates the Geneva Conventions, AP reports from Geneva. The 1949 convention deals with treatment of civilians in time of war. Article 49 prohibits "forcible transfers . . . from occupied territory to the territory of the occupying power or that of any other country."

Ansar was emptied of its inmates once before, in November 1983, when some 4,500 PLO prisoners were exchanged for six Israeli soldiers held by Fatah. Speculation is rife in Israel that the current moves may be in anticipation of the release of the three Israelis remaining in the hands of the PLO. These three are held by the Syrian-backed Popular Front for the Liberation of Palestine-General Command, headed by Mr Ahmed Jibril.

It is understood that Syria, being the dominant force in Lebanon today, could also persuade the Shi'ite community in southern Lebanon to refrain from attacks on the retreating Israeli forces, on the understanding that this will speed the return of their menfolk from the Israeli jail.

According to Lt Gen Moshe Levi, Israel's Chief of Staff, Israel had no choice but to move the detainees as the speeded-up pace of the Israeli pull-out has meant that Ansar had to be evacuated, along with the Israeli troops who guard it. The decision to bring the prisoners over the border was "meant to make possible good living conditions and security for the detainees," said Gen Levi.

The legality of the move has been questioned. Gen Levi claimed the legal basis is the emergency regulations enacted by Israeli law. Israel has never declared the area an occupied territory as determined under the fourth Geneva Convention, he said, but, "we are prepared to perform all that is required under the fourth Geneva Convention regarding detainees."

Prof Ruth Lapidot of the law faculty of the Hebrew University quotes articles 49 and 83 of the fourth Geneva Convention as saying that an occupying power has the responsibility of not keeping internees in a dangerous place and further, that in cases of an overriding military necessity, the occupying power may change the place of detention.

Australian dollar hits record low

THE Australian dollar closed yesterday at a record low 66.4 U.S. cents after recording a trading low of 65.7 cents during the afternoon, Reuter reports from Sydney. Dealers said a commercial order for about US$100m saw the currency rise sharply at one point to 66.6 cents in nervous trading but that there was an element of "panic" below 66 cents. Meanwhile, Australians were yesterday awarded a 2.6 per cent wage rise. The Arbitration Commission announced the increase, the first in a year, taking account of the 2.7 per cent inflation rate in the past six months.

Defence accord

Australia yesterday agreed to increase defence co-operation with neighbouring New Zealand despite the U.S. decision to limit its own military exchanges, writes AP from Wellington. A joint communique following bilateral talks said the two countries had agreed to a series of joint military exercises, the purchase of a joint communications network and a shared naval repair facility.

Zia-Gorbachev

Pakistan's President Zia ul-Haq is willing to meet new Soviet leader Mikhail Gorbachev in a bid to revive talks on a political settlement in Afghanistan. U.S. businessman Armand Hammer told Reuter in an interview in Washington on his return from Pakistan.

Khmer Rouge attack

Khmer Rouge guerrillas yesterday claimed to have launched an attack on Vietnamese positions only 20 miles from the Kampuchean capital of Phnom Penh, killing 20 troops and destroying a military command post, reports AP from Bangkok.

Thatcher leaves on Asian tour

BY ROBERT MAUTHNER, DIPLOMATIC CORRESPONDENT

MRS MARGARET Thatcher, the British Prime Minister, leaves today on a six-nation South-East Asian tour aimed at boosting Britain's relations with a region in which its influence has declined in recent years.

During her first major Asian tour since 1979, Mrs Thatcher will be visiting Malaysia, Singapore, Indonesia, Brunei and Sri Lanka over the next 10 days, ending with a stop-over in New Delhi, where she will have talks with Mr Rajiv Gandhi, the Indian Prime Minister.

Mrs Thatcher will be the first British Prime Minister to visit Indonesia or Brunei and the first in 25 years to visit Sri Lanka.

The promotion of Britain's trade with South-East Asia will figure high on Mrs Thatcher's programme and she will also discuss in the various capitals how relations between the European Community and the Association of South-East Asian Nations (Asean) can be improved.

The trade talks will also cover British aid to some of the countries concerned, particularly Sri Lanka, where Mrs Thatcher will attend the inauguration of the vast Victoria Dam and hydroelectric scheme near Kandy. This scheme was carried out by British contractors and consultants, with the assistance of a £113m grant from Britain's overseas aid programme.

In Malaysia, Singapore and India, Mrs Thatcher will be faced with difficult trade or air communications issues which have led to some tension between Britain and the countries concerned.

Though relations between Britain and Malaysia, which went through a bad phase in 1981 when Britain raised fees for foreign students and London reacted sharply against the Malaysian Government's attempts to buy British-owned plantation companies, have since improved greatly, air communications are still a bone of contention.

The government-owned Malaysian Airline System (MAS) has asked for a fifth weekly flight to London and hints have been dropped in Kuala Lumpur that if this request is not granted, trade relations between the two countries would suffer.

Mrs Thatcher will also try to persuade Mr Gandhi to change his mind about a proposed £65m deal for 21 Westland helicopters, which the Indian Prime Minister said on Wednesday were not suitable and too costly for India's needs.

Tutu leads march on security police HQ

ARCHBISHOP Desmond Tutu, the Nobel Prize winning black leader, yesterday led a protest march on Johannesburg's security police headquarters as the death of a black woman apparently injured by riot police in the troubled eastern Cape brought to at least 40 the number killed in the recent unrest, Reuter reports from Johannesburg.

The black Anglican bishop led about 20 robed church ministers and 30 lay people, mostly black, through the crowded streets to the headquarters, defying a South African government ban on outdoor gatherings.

Detainees have died there while being held for interrogation under stringent security laws.

The march was in protest at detention without trial and in particular at the detention since October of Anglican priest Rev Geoff Moselane.

Witnesses said the march appeared to have taken police off their guard. Bishop Tutu was not hindered as he walked through the city centre, causing considerable surprise and some consternation among onlookers.

The bishop and his entourage were able to march into the lobby of the police station, where they sang hymns while waiting to see Col Gerrit Erasmus, head of the security police in Johannesburg. He handed a petition to Col Erasmus while dozens of riot police surrounded the entrance to the building in John Vorster Square.

The woman who died was apparently injured when riot police fired shotguns to disperse a black crowd erecting roadblocks.

Her death last night near Motherwell township brought to at least 40 the number killed in eastern Cape rioting in the past two weeks, including 19 shot by police in a single incident.

A policeman whose patrol was responsible for the 19 deaths on March 21 at Uitenhage Tuesday told an inquiry that he feared mutilation by the 4,000-strong crowd.

Sergeant Gerhard Stumke said: "I had been workin gin unrest situations for two months and I knew what would happen if these people got you. They mutilate you."

Residents of Langa on the riot-torn eastern Cape say they were marching peacefully to a funeral on March 21 when police opened fire without warning.

● New Zealand will not issue visas to the South African Springbok rugby side because it "will not play sport with apartheid." Prime Minister David Lange said in Nairobi yesterday.

But despite his Government's abhorrence of South Africa's racial separation laws, New Zealand could not order its Rugby Union to call off a proposed tour of South Africa later this year, he told a news conference.

Plugging the Third World project investment gap

BY HUGH O'SHAUGHNESSY.

Mr Eccles . . . debt to CDC's founders

IT DOES not take long for the visitor to attune to the atmosphere at the Commonwealth Development Corporation. It is housed in a row of elegant town houses in Mayfair. Just inside the front door is a portrait of the Prince of Wales, who is a member of the board and there is an occasional table bearing the latest numbers of Country Life magazine. Waiting for collection is a large brown paper parcel addressed to the CDC office in Jamaica.

If the aura is patrician, Mr John Eccles, who took over as general manager on Monday, is unashamed of it. "We do not see ourselves as a quango," he says very firmly indeed. "We are a small and successful nationalised industry."

The CDC was set up by Act of Parliament in 1948 as the Colonial Development Corporation, to assist the economic development of the colonies and, inicidentally, help to ensure a food supply for a hungry post-war Britain.

Capital for investment came from the Government. Capital still comes from the Treasury via the Overseas Development Administration but over the years the Corporation has developed its own equity base from its investments so that it can invest much more than it gets from government.

Maintained aid

It is valued in Whitehall as a body which can channel British aid to the smaller and poorer corners of the world, specially in the Commonwealth, and as a vehicle to associate the British private sector with overseas development, tempting British business to where it might not otherwise venture. The CDC has maintained its total of British aid funds even as government spending on aid has shrunk.

It has made a speciality of plantation crops such as tea, cocoa, palm oil and rubber. It has tackled the management challenge of working out viable and politically acceptable modes of development for the world's poorer communities and has made something of a speciality of associating peasant smallholders with large agricultural entrepreneurs. Many such schemes have been successful, though one, a venture with Guthrie in the Philippines, was the subject of bitter controversy. Even the sternest critics of the CDC do not impugn its commitment to finding new and better ways of managing development in the poorer Commonwealth countries.

Today it operats in most parts of the Commonwealth and in developing countries ranging from Indonesia to Costa Rica, Ecuador to Ethiopia. Its portfolio is valued at £775.8m and it has been committing new money at the rate of about £100m a year in recent years. Its provision against doubtful ventures is equal to about a fifth of its invested funds.

Unlike the World Bank and other international development organisations, the CDC will provide not only finance but also management for the projects in which it invests. CDC men, for instance, run tropical plantations in Sarawak and electricity companies in the West Indies.

Mr Eccles himself is no stranger to the CDC. He joined the board in 1982 after working his way to the top of Head Wrightson, the engineering group he joined after coming down from Magdalen College, Oxford. He is also a director of the Midlands industrial group Glynwed.

He has had experience of investing in British industry with Investors in Industry. He was a member of the Monopolies and Mergers Commission from 1976, becoming its deputy chairman in 1981.

As he takes over the Corporation he is slow to suggest that he will bring about any rapid change. Mr Ecles points out that the CDC was found so that there should be some development institution which could take a longer view than a private commercial institution. He defends the position of the Corporation operating in the gap that exists between outright foreign aid and a purely commercial lending operation.

"I've ben on quangos and usually they've got expenditure and no receipts. We've got a real revenue account and balance sheet," he says. He is conscious of the size of the debt the present SDC owes to its founding fathers who include Lord Reith, the founder of the BBC, who was one of the early chairmen of the CDC.

"Reith left a very durable management structure with a two-tier board and investment control procedures which are still largely in place today," he says.

Continuity and the long-term view also seem to be the watchword of the staff. Mr Eccles will be only the third in a line of chief executives who have run the CDC almost since its inception. The last general manager, Sir Peter Meinertzhagen, who retired this week took on the job in 1973 and before him Sir William Rendell did a 20-year stint as chief executve.

New growth

The CDC does seem to be on the threshold of new growth as Mr Eccles takes over, however. With Whitehall approval it is considering going into the most populous country of the Commonwealth, India, where it has never before had a presence.

The original CDC, launched just after the independence of India and Pakistan, was confined to activities in the colonies. Mr Eccles wants to review CDC's operations in Latin America, where it has a scattering of investments.

The new chief executive is interested in finding out whether the CDC can get involved in investments smaller than the £500,000 minimum stake it has hitherto generally observed. Mr Eccles is also keen to develop co-operation with comparable international development institutions.

Another growth area Mr Eccles sees is the development of a merchant banking operation which would allow the CDC to help suitable projects and companies to find commercial backers. "I think the CDC has a great deal to offer in the field of financial services," he says.

Opposition parties merge in S. Korea

By Steven B. Butler in Seoul

SOUTH KOREA'S political opposition has taken a big step towards unity with the announcement that the Democratic Korea Party (DKP) will merge unconditionally with the New Korea Democratic Party (NKDP), whose surprise strong showing in February's national election made the recently formed party the largest opposition bloc in the National Assembly.

The announcement was made by Mr Chough Yoon-Hyung, the DKP president, after the defection of 20 of the party's 35 assembly representatives to the NKDP made the party's disintegration inevitable. Mr Chough had been holding out for a negotiated merger that might allow DKP leaders to take senior positions in the NKDP.

The NKDP is led by politicians released from a political ban in November, while the DKP's co-operation with the Government in the last assembly tainted it in the minds of voters.

Together the two parties polled nearly 50 per cent of the popular vote in February, compared with 45 per cent for the ruling Democratic Justice Party. The merging of the two parties will give the NKDP 106 seats in the 276 seat Assembly, however, still far short of the DJP's 147 seat majority. South Korea's voting system gives a hefty bonus of seats to the party wining the most seats in an election.

Chinese Government seeks stronger economic powers

THE CHINESE Government is to take over special powers to enact provisional financial regulations in an effort to damp down the economy after a wave of inflationary wage rises, Reuter reports from Peking.

The National People's Congress (parliament) yesterday began debating a measure under which the power to issue provisional economic directives, now formally exercised by the Congress, will be delegated to the Government, the New China News Agency said.

Wang Hanbin, secretary-general of the parliament's standing committee, said the change was necessary to give the government greater flexibility in a fast evolving economic environment.

He said many new aspects of China's current economic reforms would require fresh regulations.

While the parliament will eventually draw up legislation covering such aspects, the Government should be able to issue new directives quickly.

● The number of criminal cases in China dropped 37 per cent between September 1983 and February this year compared with the previous 18 months, Supreme Court President Zheng Tianxiang said yesterday.

● Foreign Minister Wu Xueqian yesterday defended China's agreement with Britain over Hong Kong, saying a commitment to allow the territory to remain capitalist will not harm Peking.

"To let Hong Kong keep its capitalist system for 50 years will bring no harm to socialism but will, on the contrary, complement our socialist construction," Wu told the National People's Congress. He was submitting the Hong Kong agreement to the parliament for approval.

AMERICAN NEWS

Fears for Neves' life slow business activity in Brazil

BY ANDREW WHITLEY IN RIO DE JANEIRO

Business and stock market activity in Brazil is at a low ebb as the country remains in a state of semi-paralysis while Sr Tancredo Neves, the new president, fights for his life in a Sao Paulo hospital.

Government offices remain half-empty because the appointment of many key officials—a presidential perogative and a delicate political task—has not yet been made.

Following Tuesday's news of President Neves's fourth abdominal operation in three weeks, the Sau Paulo Metalworkers, the largest and most powerful union in the country, decided immediately to call off the threatened indefinite stoppage. But other labour disputes which have erupted since the change of government on March 15 are continuing.

Yesterday's news about the president's health was marginally better than Tuesday's He was reported to be recovering from the operation, said officially to have been to remove an abscess from an old hernia.

Not that public confidence is very high in the veracity of the medical bulletins read out several times a day by the presidential spokesman.

A week ago, before the latest complications, doctors in Rio de Janeiro following the official progress reports were giving the president a less than evens chance of recovery. Their man fears, expressed in private, have been of peritonitis or septicemia.

In public, politicians from all parties, are rallying round Sr Jose Sarney, the acting president.

But the surge of legislative activity expected in the early weeks of the new government's life has not taken place, largely because of the obsessive preoccupation with the goings-on in Sao Paulo.

The one task that Sr Sarney, the vice president, is expected to tackle soon is that of official appointments to posts at the second and third levels of the federal government. Most of these posts are likely to be filled by political appointees.

Hence the barely disguised in-fighting going on between various states and, at the federal level, between the two parties in the Democratic Alliance, the ruling political coalition, to secure as many of these posts as possible and extend their own influence.

Reagan rebuffed over MX missiles

PRESIDENT Ronald Reagan has received a setback to his plans for building more MX nuclear missiles in 1986, less than a week after winning a major victory in Congress for the programme this year, Reuter report from Washington.

The Senate Armed Services Committee voted on Tuesday night to cut his 1986 request for 48 additional MXs to 21, Senator John Warner said.

The move by the influential panel is highly significant because it is dominated by senators who are members of Mr Reagan's Republican Party and favour a military buildup.

Last week Congress approved in full Mr Reagan's request for 1985 — \$1.5bn (£1.25bn) to build 21 more of the 10-warhead intercontinental missiles.

The committee vote was taken during a discussion on the 1986 defence bill. Once given final approval by the panel, the bill must be passed by the full Senate, but the committee action assures that Mr Reagan cannot win his full request for 48 missiles.

A move by Democratic Senator Sam Nunn of Georgia to reduce the 1986 MX purchase to 12 missiles was defeated,

David Gardner reports on a victory which may have far reaching implications

Election provokes split in Salvadorean right

PRESIDENT Jose Napoleon Duarte appears to have won a famous victory. Most of his Christian Democrat colleagues gave him little chance of overturning a far Right majority in El Salvador's National Assembly in last Sunday's elections, but the most reliable projections say he has done it.

This victory has led to a second, probably more important triumph: it has sparked the first ever open confrontation between the extreme Right and the army, traditionally united in defence of the interests of El Salvador's faded landed oligarchy.

The far Right, which had remained silent for two full days after the election, with its leader Major Roberto D'Aubuisson calling and cancelling four press conferences in a row, decided on Tuesday night to seek annulment of the election on grounds of fraud.

In theory, at least, it can make this thesis stick because it controls both the electoral council which arbitrates on elections and the Supreme Court which decides on constitutional disputes. In the run-up to the polls, the Right showed itself willing to use these institutions brazenly to its own advantage.

Gut what it has never done either before or during El Salvador's five-year-old civil war between Left-wing insurgents and successive U.S.-backed governments is to confront openly the armed forces. In its submission to the electoral council, the far Right directly accused the army of helping engineer a Christian Democrat victory.

But what it has never done

This accusation of partisanship is ironic. Major D'Aubuisson is the former army intelligence chief credited with organising the death squads that wiped out the Left's urban base before the civil war properly got under way, from within the military.

Eleven of the top 20 field commanders in the army were classmates in his military academy, the most cohesive institution in Salvadorean society since the military took over the effective running of the country in the 1930s. An important part of Major D'Aubuisson's hold on El Salvador's obligarhy has been the plausibility of his claim that he can swing the army behind him when it matters.

That claim is now looking thin. The fact that he and his colleagues have been driven to take on the army High Command after 48 hours of agonising is the first real evidence of a split between the two which leading Christian Democrats have been insisting took place months ago.

Though legally he is on strong ground for the moment, the situation underlines Major D'Aubusson's growing isolation. His leadership of the right is

D'Aubuisson: increasingly *isolated*

unacceptable to the U.S. and is seen increasingly as a liability by his allies.

He is given credit by many on the Right for being prepared to bloody his hands and wage total war on the Left when there were fears early in the war that the latter might launch a successful insurrection, as the Sandanistas had done in Nicaragua.

Furthermore the oft-repeated charge that he ordered the killing five years ago of the Archbishop of San Salvador, Monsignor Romero, resurfaced in Washington just before the election.

His coalition allies in the National Conciliation Party (PCN) had already put out feelers to the Christian Democrats before the election, while Sr Hugo Barrera, a dissident leader of Major D'Aubuisson's own Arena Party, is set to launch a new grouping of the Right.

But if he is on the ropes, Sr Duarte will also be under pressure in the remaining three years of his mandate. Assuming his voctory is eventually confirmed, Sr Duarte will have to work hard to keep the extreme Right inside the democratic process, while pursuing policies antithetical to their interests. With a legislative majority, the Christian Democrat President will also have no excuse, as he has had for the past 10 months with the Right blocking him in the Assembly—for not implementing his party's programme.

"The President can now govern," a senior Duarte aide confidently asserted in an interview before the election dispute. But rather than introducing new reforms, the Christian Democrats' intention, he said, is to perfect and consolidate existing reforms—the agrarian reform and nationalisation of the banking system and foreign trade in particular—and to revamp a judicial system which has proved totally ineffective against the death squads.

Undoubtedly, Sr Duarte's major challenge is to find a negotiated solution to the civil war, which has now claimed nearly 60,000 victims and is bleeding the country to death. Two rounds of talks with insurgent leaders last autumn left the two sides as far apart as when they began.

Sr Duarte has committed himself to a third round but on the understanding that both sides will seek concrete results. A likely prior condition to reviving the peace process is that a third public meeting be preceded by private talks to hammer out a minimum basis for agreement, and that this be ratified by Sr Joaquin Villalobos, the most powerful and politically maverick of theinsurgent commanders.

Sr Villalobos's People's Revolutionary Army has appeared ambiguous towards the peace talks, which it has not attended.

But Sr Duarte has first to reach some sort of modus rirendi with the right. On Sunday night, as the normally solemn Christian Democrats let rip their jubiliation—residents of San Salvador were treated to fireworks instead of gunfire—Sr Duarte told journalists the election triumph was repayment for 1972 when a Christian Democrat coalition with sectors of the moderate Left had its victory stolen by the military. Sr Duarte was tortured and forced into exile.

The survivor of this setback may now have been around long enough to cash in on a split that could change the political realities of El Salvador.

Cordova censured over Congress treason charge

THE BITTER constitutional crisis in Honduras deteriorated yesterday after the Congress in Tegucigalpa passed a motion censuring President Roberto Suazo Córdova for having "invaded the legislative body."

The President is charging 53 members of Congress with treason for their action last week in replacing five members of the Supreme Court with heir own nominee.

As the crisis rages 1,000 U.S. troops are moving into Honduras for joint manoeuvres with Honduran forces which are taking place this month 5 km fromh the border with Nicaragua.

Last Thursday the Congress voted in favour of replacing five members of the Supreme Court in an attempt to wrest control from the President of the highest judicial body in the country. The President has not recognised the new Supreme Court, and ordered the arrest of the five judges sworn in last week by the Congress.

Dr Edgardo Paz Barnica, the Foreign Minister, has warned that the crisis will have international repercussions" although he, the President and the National Congress have all turned down an offer made by the two main trade union federations, the private sector organisation COHEP, and the Catholic Church to mediate betwen the legislative and executive powers of State.

The crisis between the Congress and the President results from a struggle for leadership within the ruling Liberal Party and the party's nomination for its presidential candidate for the elections in November.

Late last night, the National Congress was due teo debate a reform to the Electoral Law which will oblige the political parties to hold internal elections for their nominations to the presidency.

The Congress was almost certain to approve the reform, which will signify a further challenge to President Suazo Cordova's leadership of the Government and of his own Liberal Party.

The Liberal Party annual convention, at which the party's choice of presidential candidate is to be decided, is due to be held on April 12 and 13. Whoever controls the Supreme Court will be able to determine the outcome of any internal party disputes over party leadership.

Aid for Guatemala rejected

THE U.S. House of Representatives' foreign affairs committee has voted to deny U.S. military assistance to Guatemala until a democratic government is installed there and progress is made toward ending human rights abuses, AP reports from Washington.

The Reagan Administration had urged the reinstatement of more than \$25m (£21m) in military aid next year, in spite of a finding by the State Department that the Guatemala Government engaged in kidnapping, arbitrary arrests and torture of its enemies.

Considering a \$9.4bn worldwide military and economic assistance package, the Democratic-controlled panel decided to put rigid conditions on any future military help for Guatemala, including a requirement that an elected civilian government be in power by fiscal 1986.

The military assistance would be cut off if the civilian government were toppled by a military coup.

Sale of Landsat to private sector under threat

BY PETER MARSH

THE projected sale by the U.S. Government to the private sector of its land-mapping satellites looks doomed, at least for the foreseeable future.

This throws open the question of how the U.S. will continue to honour its agreements with other countries over the satellites when the craft currently in orbit cease functioning in 1987.

The U.S. Department of Commerce had reached outline agreement with Eosat, a consortium of RCA and Hughes Aircraft, under which the latter would take over the Government's Landsat system of space vehicles and receiving stations.

The satellites, of which two are in orbit, provide snapshots of the earth from several hundred kilometres above the ground. The information is useful to, for instance, farmers and oil companies which with the pictures monitor crop growth and look out for mineral deposits.

Eosat wants the Government to come up with \$250m (£208m) over five years to help to defray its costs, for example in injecting into orbit two more spacecraft and improving marketing arrangements.

But because of efforts by the U.S. Administration to reduce its financial deficits, the first tranche of this sum is unlikely to find its way into the budget which Congress is discussing for the next financial year beginning in October.

That makes unlikely a start on revamping the Landsat programme by the end of the year, according to Mr Charles Williams, Eosat's president. Hughes and RCA were becoming increasingly frustrated by the delay in obtaining funding and may consider pulling out of the programme altogether, he said.

Mr Williams claimed that the White House's office of management and budget wants to stop the Landsat programme to cut costs. "We are talking about its elimination."

Under agreements with about 20 countries, including Brazil, India, China, South Africa, Canada and 11 states in Western Europe, the U.S. makes available data from the Landsat satellites, which are received directly by ground stations in the nations concerned.

The U.S. Government and private companies have invented more than \$1bn Landsat the first of five satellites was launched 13 years ago. If the project did end, then the other countries may take up the matter through international agencies such as the United Nations.

Should Eosat pull out of the proposed takeover, the Department of Commerce will probably restart discussions with other companies.

Space America, a Houston-based company headed by ex-astronaut Mr Deke Slayton, says it would be interested. The company, which is developing its own launch vehicle and plans to inject corpses into space as a result of a deal with a commercial undertaker, has also had talks with the Australian Government about operating a space-mapping service on its behalf.

Mr Slayton said the discussions were promising and could lead to a launch of a satellite within two years.

WORLD TRADE NEWS

Senate trade move raises fears in U.S. and Japan

BY STEWART FLEMING IN WASHINGTON AND ROBERT COTTRELL IN TOKYO

THE eruption of protectionist sentiment against Japan on Capitol Hill during the past week led one top Reagan Administration official to comment yesterday: "All we can hope is that we can deflate some air out of the balloon so it does not blow up."

On Tuesday, in a flurry of activity in Congress, the Senate finance committee voted to approve legislation requiring President Reagan to retaliate against Japan within 90 days if America's Far Eastern trading partner and closest political ally does not take vigorous steps to improve the access of U.S. products to its markets. Simultaneously the House of Representatives no less incensed by America's $37bn bilateral trade deficit with Japan aped the Senate and overwhelmingly approved a non-binding resolution calling for the President to retaliate against Japan if market opening measures are not taken.

Both Tokyo and Washington shook at the speed and violence of the Congressional moves, even though there is no immediate prospect of either the Senate or House measures being translated into legislation which would land on President Reagan's desk, and which most trade and political analysts are convinced he would veto.

In Tokyo Japan's Foreign Ministry took the rare step of issuing a forthright statement criticising the Senate moves as "a discrimination against (and) a threat against the free trade system." In Washington the Reagan Administration, which two weeks ago had been cautiously fanning Congressional frustration with what is seen as Japan's protectionist barriers against imports, not only from the U.S. but also from Europe and the rest of the world, took fright.

Instead of seeing in the Congressional rumblings a vehicle which could be used to buttress the U.S. negotiating position on the trade talks which have been going on between the U.S. and Japan—in particular the crucial talks about access to the Japanese telecommunications markets, the Reagan Administration became seriously concerned that Congress would get the bit between its teeth, seize the initiative on trade policy and pass protectionist legislation against Japan.

Such a step would be a profound embarrassment to a President who has been trumpeting loudly the need for a new international round of liberalising trade talks and his hoping to nail down a timetable for such talks at the Bonn Economic summit in May. As a discriminatory action against America's key strategic partner in the Far East it would create diplomatic tensions which the Reagan Administration is desperate to avoid.

By Wednesday night top Reagan trade and economic policy officials were thus locked in debate in Washington about how to respond both the latest "concessions" on telecommunications trade which the Japanese government had agreed to last weekend and the surging protectionist sentiment in Congress.

Abruptly cancelling a State Department news conference to explain U.S. policy the Administration opted for a joint statement which maintained in essence that the talks on improving access to Japanese telecommunications markets which have been the focus of the bilateral trade debate because of the April 1 deadline for the "privatisation" of the Japanese telephone system, had been successful.

Japanese unease about the episode was further underlined yesterday by news agency reports out of Japan suggesting that a major new package of trade liberalising measures by the Japanese Government is on the horizon. U.S. officials say they are indeed expecting another "package" early next week, but are profoundly sceptical about the leaks concerning what the Japanese Government intends to surrender in that package.

Peking and Moscow to boost trade

CHINA AND the Soviet Union have agreed to increase trade between their eastern border regions by 43 per cent this year, Reuter quotes the New China News Agency as reporting.

The border trade between China's Heilongjiang Province and the Soviet Far East topped $11.4m (£9.5m) in 1984, an increase of 70 per cent over 1983.

It was resumed in 1982 as the strained relations between the two powers began to improve.

The 1985 border trade agreement was reached during talks in the Soviet city of Nachodka this month according to the agency.

On Monday a Chinese delegation in Moscow signed a document on trade and transport in 1985 which Mr Yuri Brezhnev, Soviet First Vice-Minister of foreign trade, described as "important and significant."

Colina MacDougall adds: **This is in line with the rise expected in overall Sino-Soviet trade this year of about 40 per cent. The total is due to reach $1.6bn following the successful visit of Mr Ivan Arkhipov, Soviet First Deputy Premier, last December.**

Mr Arkhipov signed three accords with the Chinese, on economic, technical and scientific co-operation. Talks during his visit concentrated on practical economic contacts such as the Chinese supply of food to Siberia.

Ivo Dawnay explains why freedom to practice is a long way off

Disharmony among EEC professions

QUESTION: What rights do EEC hairdressers, cemetery directors and midwives enjoy which are denied to accountants, architects and opticians? Answer: Community-wide recognition of their professional qualifications, and thus mobility.

The right of establishment, firmly laid down in the Treaty of Rome, is one of the most obscure though time-consuming corners in the whole labyrinth of legal tussles over how to free the Community's internal market.

Moreover, though nobody challenges the principle that EEC citizens should be free to practice their skills where they wish, efforts to pursue this goal are frequently shipwrecked on the shore of vested interests, often jealously guarded for centuries by what amounts to white-collar trade unions.

For Continental Europeans, the idea that Scottish lawyers are prevented from practising freely in England is regarded as a typical British absurdity. Propose, however, that they should enjoy equal rights to work where they choose on the Continent and their European colleagues will expound for hours on the problems involved.

Under Article 52 of the Treaty, those rights should have been established within 10 years of the formation of the Community. But, so far, the only significant group of workers to achieve these freedoms are the bulk of the medical profession, and they only after years of negotiation and painstaking drafting of directives.

Radical proposals to accelerate the implementation of the rights of establishment clauses have now been proposed by Sig Pietro Adonnino's "Citizens' Europe" committee, set up after the heads of government summit in Fontainebleau last June. Certainly, there was a need for a new policy in this area as the story of the architects' directive demonstrates.

First mooted more than 16 years ago, the architects' measure returned to a top level committee earlier this year with many involved hoping it would die a painless death.

The greatest problem lies with the West Germans who insist that their three-year training courses for architecture students should be recognised. Everyone else says the period is inadequate. But any change to the German rules would require the co-operation of the powerful regional governments, and Bonn is not prepared to twist arms.

Then there is the Italian question. Italian architects are, in effect, civil engineers. But both British and French architects want to keep their engineers out of the profession.

Furthermore, there are issues of countries' internal professional politics. The UK's university-trained architects, for example, are determined that their colleagues from the less-prestigious polytechnic colleges should not enjoy equal status.

Add to this the problem of the Greeks, whose architects are largely U.S.-educated and therefore beyond the European pale, and 16 years of unproductive argument becomes understandable.

"The European Commission should give them all a dose of cold water and withdraw the proposed directive," says one frustrated observer. "If they acted like an auctioneer and withdrew the lot, people would sit up."

Sig Adonnino's committee has come up with an altogether more dramatic idea — the principle of innocent until proved guilty. Instead of rights being automatically restricted, member-states should acknowledge all diplomas and examinations as a licence to practise, if accompanied by two to three years' professional experience.

Starting from a position of mutual trust, the Community would then set about introducing recognition procedures for each professional group. To open the door, just one general directive would be drafted for ministers liberalising all areas simultaneously.

As with all pleasingly simple plans, there are a series of convincing arguments as to why this probably will not work.

These include:

- The inevitable responce of professional bodies which while welcoming the principle, will quickly point out how it could not work in their case.
- Valid exceptions, such as opticians, where the role and functions of the job in one country is radically different from the task in another.
- The inevitable proliferation of bureaucracy with the prospect of thousands of individuals appealing to the commission for rulings on their cases and inevitable obstruction from professions' lobbies within member states.
- Substantial additions to costs with burgeoning liason committees in Brussels.

Despite these concerns, many believe the Citizens' Europe Group may win heas of Government support when they peruse its report at the Milan summit in June. But that may be the end of it. When the Commission is consequently ordered to consult on the issue objections are likely to kill the initiative.

Some wonder whether all the effort is worth it. Since the historic doctor's directive was agreed, less than 1.0% of the EEC's 600,000 practitioners each year have chosen to move abroad. And currently four countries are being taken to the European court for failing to act on rules alowing free movement for hairdressers.

For the time being, at least, footloose professionals must continue to kick their heels.

This is the seventh in a series on European market liberalisation. The previous articles appeared on February 14, February 21, March 6, March 13, March 22 and April 1.

Asea wins £46m paint equipment order from GM

By David Brown in Stockholm

ASEA, the Swedish electrical engineering and electronics group, says its Fläkt electrical ventilation equipment subsidiary has won several new orders for paint finishing machines from General Motors for its plant in the U.S. and Europe worth a total of SKr 500m (£46m). This is the largest such contract the company has received to date, and was won in the face of tough competition with Dürr of West Germany and Carrier of the UK.

Fläkt officials say U.S. and European car manufacturers are in the midst of an extensive programme in the paint finishing field to counter a competitive qualitative advantage now enjoyed by Japanese manufacturers.

The biggest of the Fläkt orders is worth SKr 340m and involves 11 modules for base and final coating of trucks and buses at the GM plant in Fort Wayne, Indiana. Sludge handling equipment is also included.

The remaining contracts, for drying ovens and cooling equipment, will be delivered to three GM plants in Europe. These are the Opel plant in Bochum (West Germany), GMC in Antwerp (Belgium) and Vauxhall in Luton.

The UK plant will be capable of handling 54 vehicles per hour the remaining two units 90 per hour.

Soviet Union cool over Finnish trade request

FINLAND has won little response from the Soviet Union on a request that at least part of their $6bn (£4.9bn) a year trade—now run on a kind of barter system—should be paid for in convertible currencies, **Reuter reports from Helsinki.**

Mr Kalevi Sorsa the Finnish Prime Minister and Mr Paavo Vaerynen the Foreign Minister made the appeal at a high-level symposium on Soviet-Finnish business due to end here yesterday.

"It is worth considering that our good clearing trade should be supplemented with free currency operations, where possible even in co-opration with other market economies," Mr Vaerynen said.

But Mr Alexei Manzhulo the Soviet Deputy Trade Minister, said he did not think it wise to run two concurrent systems of doing business, saying he would prefer to stick to a single arrangement for payments.

The Soviet Union exports mainly crude oil and petroleum products to Finland, while the Finns sell a broad range of goods including ships and engineering products.

The fact that the Soviet Union does not have to use foreign currency to pay for Finnish imports has turned Finland into its second-largest trading partner in the West after West Germany.

Soviet orders have helped Finnish industry ride out the Western recession, especially in such internationally hard-hit sectors as shipbuilding. Recognising this, the Finnish Premier stressed that in spite of the call for some use of convertible currencies, his country wanted to retain the present basic clearing system.

Mr Manzhulo did not reject the idea of using convertible currencies on some scale, saying that "It may be that, up to now, we have just not seen what use there may be in it."

Pulp makers contest fine

Finnish pulp makers said yesterday they were appealing to the European Court against a $720,000 fine imposed by the EEC for alleged price cartel operations, **Reuter reports from Helsinki.**

"We feel the decision is unjustified," an official of the Finnish manufacturers said, commenting on the fine handed down last December. "You can see from the widely fluctuating pulp prices in the market there cannot have been any cartel."

The Finns were accused of rigging prices together with others including Swedish, Canadian and U.S. companies.

Istanbul bridge bids called for

TURKISH highway authorities have invited 29 firms to bid for construction of a L10bn (£4.2m) pontoon bridge in Istanbul, the semi-official Anatolia news agency said, **Reuter reports from Ankara.**

The bridge will span the Golden Horn, replacing the Galata bridge. Work will begin in June or July and end by late 1987.

The news agency said 10 of the companies invited to bid are Turkish, eight West German, four British, four Japanese, two Dutch and one Austrian. The winner will be expected to arrange financing for the project.

Voest secures Korean contract

VOEST-ALPINE, the Austrian state-owned steel and engineering group, has won a Sch 850m (£31m) contract to extend an existing steel works and build a new plant for the Pohang Iron and Steel Company (Posco) of South Korea, **Patrick Blum reports from Vienna.**

The contract jointly undertaken by Voest in a consortium with Hyundai Heavy Industries of South Korea is worth a total of about $50m. Hyundai's share is worth about $12m. The work will be carried out at Posco's site in Kwangyang.

U.S. EXPORT CONTROLS

The drawbacks of having the Pentagon in charge

By Harold H. Tittmann

FOR MORE than 20 years, I have followed U.S. export control matters as a company lawyer at the European headquarters of an American multinational corporation. I have also been closely involved with my company's efforts to develop its business in Eastern Europe, including the Soviet Union. While recognising the need for restrictions on exports of strategic commodities, I have shared the frustrations of our marketing people when dealing with the incomprehensibly broad scope of the U.S.-sponsored Cocom list of controlled commodities, coupled with questionable extra-territorial applications to our European subsidiaries of the U.S. Export Administration Act and related regulations. Many of the export control restrictions appear to be ineffective or to bear no visible relationship to improving our security.

The U.S. Government's position on export controls of so-called strategic commodities has become increasingly more rigid and dogmatic, reportedly because of the preponderant influence in this area of the Pentagon and more specifically, of Mr Richard Perle, the Assistant Secretary of Defence. It is obvious to those who follow this problem in daily business and are in a position to observe European reactions that the U.S. is exaggerating the problem of exports of strategic commodities to the Communist Bloc, with the consequence of adversely affecting relations with its Allies.

Among the negative effects are the loss of badly-needed job opportunities in high unemployment areas and the hampering of the development of a normal trade relationship between East and West. It is high time for Europe to take a firmer stand towards the "hardliners" of the Pentagon and insist on a return to common sense on the export control front.

There is no doubt that the U.S. is the prime mover in the export control area. Its official position is that there is little or no disagreement between the U.S. and its Allies on the scope of export controls. The truth appears to be otherwise. The much publicised "consensus" within Cocom which led to the July 1984 agreement on, inter alia, extending the list of controlled commodities to include digital switching systems was, it seems, hammered out after many days of bitter and acrimonious discussion.

One cannot help suspecting that agreement was reached, not because the Europeans believed in the strategic importance of the new controlled items, but rather because of threats by the U.S. to restrict technology transfers to Europe if the U.S. position were not accepted. Mr Perle has publicly threatened to resort to this unpleasant form of blackmail in the past, and it appears to have had its effect. Subsequently, the Press has reported that there is considerable unhappiness within European governmental circles (particularly in Germany) regarding the Cocom agreement, and it is becoming clear that the Europeans do not agree with the breadth of the Pentagon's concern over technology transfers to the Eastern Bloc countries.

A clear indication of a lack of consensus was the West German Government's request to Cocom, shortly after the July 1983 agreement, to grant an exception for the proposed sale to Hungary of digital telephone switching equipment and manufacturing technology by a German telecommunications company. Obviously, the German Government did not consider this proposal as creating a security problem.

The U.S. Government vetoed the project, on the grounds that it would have posed an unacceptable threat to the security of the Cocom member states, without giving reasons for its position. This sounds like nonsense; it takes a good deal of imagination to view the modernisation of the Hungarian telephone network, even using the most sophisticated equipment, as representing an "unacceptable threat" to Western security. One would have to assume that the switching system would improve the Russian nuclear missile capability and make it more of a threat than it is now, which is hard to believe.

The digital telephone switching system in question has no powerful central processing unit which could be used for military purposes. Because of its complexity, it is most unlikely that the system's software and hardware could be applied other than for their intended purpose, public telephone switching. Of course, such a system can be used for military communications. Similarly, American wheat can feed Soviet soldiers.

There are other controlled items whose contribution to Soviet military capability must be virtually nil: private automatic branch exchanges (PABXs) and home computers, to mention only two recently in the spotlight. The Pentagon arguments to the contrary simply do not ring true.

The U.S. Government has expressed satisfaction that neutral nations such as Sweden have informally agreed to respect the Cocom guidelines. One wonders whether this result has been achieved without a significant loss of goodwill. Co-operation was probably obtained, in part at least, by threatening to shut out Swedish companies from the lucrative American market, and by applying the U.S. export control laws extraterritorially through heavy fines for alleged violations. Similar pressure has been applied to Austria, which is in the process of reluctantly enacting an export control law. All this smacks of blackmail.

The U.S. Government goes to extraordinary lengths to seek to impose its security considerations on other nations. For example, its regulations purport to control re-exports of Cocom-listed U.S. components used in the manufacture of end-products in other countries. In principle, this re-export licence requirement 1; limited to cases where the U.S. component is the "principal element" of the end-product and cannot feasibly be removed and used for other purposes. But if the end-product itself is a controlled commodity, these conditions do not apply.

However, in its current policy of stretching U.S. controls to the maximum possible extent, the American Government tends to ignore the limitations contained in its own regulations and attempts to control exports from other countries, regardless of whether the U.S. component is in fact the principal elements of the end-product. Theoretically, this enables the U.S. Government to control the export of much of the electronic equipment manufactured in free world countries, since it is rare that such equipment does not contain at least one "sensitive" U.S. origin component.

The purpose of this re-export licence requirement is to prevent the export of an end-product containing a component which could be removed and use for military purposes. But it must be a rare case indeed where an East Bloc entity needs to obtain the component through buying an expensive end-product and then cannibalising it. This is the rationale behind the "principal element" test, since it might make sense to buy the end-product in order to have access to a component representing a major part of the end-product.

In most cases, the components involved are readily obtainable from wholesalers and, because of their small size, can easily find their way to East Bloc destinations, thus making the re-export licensing effort largely pointless. Moreover, the U.S. regulations have prompted European manufacturers to substitute, wherever possible, non-U.S. components in order to avoid problems with the U.S. export regulations. The consequence has been and will continue to be a significant loss of business for U.S. components manufacturers without any material benefit to security. I believe that no other Western country attempts to control the re-export of its components in foreign-made end products.

This particular aspect of U.S. export control policy may have resulted in the enhancement of Russian manufacturing capability in the microprocessor field. For example, one of our European subsidiaries received an order from a Soviet customer for some non-strategic equipment which involved the use of a standard U.S.-made microprocessor. Although the microprocessor was not the principal element of the equipment, the U.S. authorities refused to permit its re-export. So the Russians successful developed their own microprocessor. The component was shipped to our factory for incorporation in the end-product, which was then delivered to the Russian customer.

In this tragi-comic episode, our company incurred unnecessary expenses and delays, the American components manufacturer lost business, and the Russians improved their capability to produce microprocessors. Thus, the refusal of the U.S. authorities to authorise the re-export of the U.S.-made microprocessors, far from enhancing national security, may have had the opposite effect.

Another aspect of U.S. export controls policy which seems to be out of touch with reality is the so-called "end user" test. If the Department of Commerce, State and Defense determine that the East Bloc buyer is a satisfactry end user (that is non-military), an export licence may be issued for a controlled commodity. However, the subsequent transfer of the product to another end user is impossible to control. In effect, if the U.S. Government is willing to license the export of a commodity to a "satisfactory end user" in an East Bloc country, this is tantamount to admitting that the commodity has little strategic value and probably should not be controlled at all.

The U.S. Government recently utilised the "end user" argument to put pressure on the Belgian Government to withdraw an export licence for a machine tool (not a Cocom-controlled item) destined for the Soviet Union, on the grounds that the machine tool could be used in the manufacture of military equipment. Carried to extremes, this reasoning would mean a total ban on trade with Eastern Europe. (That may well be the Pentagon's ultimate goal).

The loss of the Russian order threatened to bankrupt the Belgian machine tool supplier, located in a high unemployment area of Wallonia. To appease the Belgian Government, the U.S. offered to finance the purchase of the machine tool by the Belgian armed forces, thus adding bribery to its arsenal of export control measures. Judging from the Belgian Press reports on this affair, Belgo-American relations have suffered as a consequence.

The fundamental problem with the U.S. approach to export controls is that it attempts to prevent the Soviet Union and its allies from gaining not only to products which clearly have military applications, but also to a large category of items whose connection to Soviet military power can only be remotely indirect. Moreover, as already mentioned, it is impossible to prevent many of the controlled items from reaching unauthorised destinations. Most European countries ar eunderstood to favour a major reduction in the number of items on the Cocom list, but the U.S. adamently presses forward to expand it.

There have been reports that Mr Perle believes that the Comecon economies will collapse if access to Western technology and products is cut off. Whether this is true or not, it fits in with the U.S. Government's continuing faith in trade embargoes to solve foreign policy problems, although past experience has shown the ineffectiveness of such measures. Trade embargoes have not affected the Castro regime in Cuba and the current military government in Poland. They have, however, contributed to the low standards of living of the Cuban and Polish people, and have no doubt caused much unnecessary hardship.

One senses that the present U.S. Administration is fundamentally hostile to any trade with the Soviet Bloc (with the notable exception of wheat) and it seeking to apply economic sanctions through increasingly severe trade restrictions. There is no reason to believe that such measures will achieve any kind of useful defensive purpose, but they make an already tense international atmosphere worse. Trade embargoes, economic sanctions and extensive export controls are, however, an easy way for politicians and bureaucrats to demonstrate their "toughness" towards the Soviet Bloc.

The wide-ranging control of exports to the Eastern Bloc countries during the past decades has not prevented the Soviet Union from maintaining, according to the Pentagon, virtual parity with the West in nuclear missiles. The Soviet Union has been able to concentrate its technological resources in the military area. On the other hand, the East-West standard-of-living gap has constantly widened, and it is likely that U.S.-sponsored export control policies have contributed to this by preventing the East Bloc from acquiring Western products needed to develop consumer-oriented goods and services.

It is questionable whether a deliberate effort to keep the Communist countries in a state of economic inferiority, resulting in lower living standards and hardship for their people, is the right policy for the West. It can only be justified if the ultimate aim is the military subjugation of the Communist Bloc, which is advocated by no-one except possibly the hardest of the Reagan "hard-liners."

Economic hardship can cause serious problems for the Communist regimes, but, as the Polish example has shown, will hardly cause the system to collapse. Moreover, there is the danger that the Communist leaders will be tempted to turn their people's attention away from the dreariness of their daily lives by engaging in dangerous foreign adventures. The example of Hungary indicates that a rising standard of living in an East Bloc country tends to lead to a certain liberalisation of the regime and fosters closer ties with the West, possibly at the expense of Comecon cohesion.

It seems to me that there is everything to be gained by expanding economic intercourse with the Soviet Bloc nations to the greatest extent possible. By increasing contacts and communications between the two camps, the chances of reducing existing tensions and avoiding war are improved. Furthermore, increased trade would benefit the economies of both sides. One way to achieve these goals is to introduce common sense, rather than ideology, in the export control area, and limit the controls to items that will increase the Soviet Bloc's military capability in a meaningful way.

The views expressed in this article are the author's personal opinions and are not necessary those of his company.

TECHNOLOGY

EDITED BY ALAN CANE

RESEARCHERS DEVELOP PROGRAMS TO ENDOW MACHINES WITH REASON AND LOGIC

Computers get on to the soap box

BY PETER MARSH

MORE ATTRACTIVE packaged goods; word processors that you can talk to; longer-lasting drill bits; and complicated telephone exchanges that a novice can build.

All are goals aimed at by researchers in new forms of computer programs that give to machines something approaching human intelligence. The link between the four projects is that all are using products sold by a small company based in Watford called Artificial Intelligence.

The enterprise, formed in early 1984 by a group of computer workers previously at Rank Xerox, sold goods and services worth £1.1m in its first year.

Of this sum, the lion's share was due to sales of about 50 Xerox 1108 work stations, for which Artificial Intelligence acts as a distributor. The machines are especially powerful computers that have a large enough memory and processing capacity to support work in areas such as expert systems.

In the latter, computers digest programs comprising not simple statements expressed as mathematical functions but sets of rules that interlock with each other.

By having a large memory bank filled with such rules, and by processing many rules very quickly, a computer, so the theory goes, can make deductions in a similar way to humans.

The rules take on the general form, "If X is true and Y is true, then it follows that Z is also true." Although the work is still very much in the research stage, companies are beginning to experiment with computer systems that use such formulations.

● One of Unilever's laboratories near Bedford is working on a system based on a Xerox 1108 that will contain a mass of information about types of packaging, plus consumers' reactions to different designs. With the data base, so the company hopes, packaging designers will be able to formulate a bright, satisfying look to, for instance, a box of soap powder, that will lead to bigger sales.

● In work invloving Plessey and Edinburgh University, designers are trying to make computers understand the sets of rules evident in people's speech patterns. The studies, funded by the Government's Alvey programme in advanced electronics, could lead to home computers that respond to spoken instructions.

● The British division of Schlumberger, the multinational oil-services company, is experimenting with an expert system that advises a drilling engineer how to operate his equipment to extend the life of the drill bit.

● British Telecom has also bought some of the Xerox 1108 hardware. One application could be the design of an advice system that tells electronics workers the most appropriate way to pack circuits into telephone exchanges, cutting the skill of the people needed to build the machines. In the U.S., DEC, the giant computer company, is already using such systems in routine manufacture of complicated products.

All the Xerox 1108 machines so far sold by Artificial Intelligence come with a special software language called Interlisp. The price of a typical package is £30,000, of which the software accounts for one third.

Interlisp, devised by Xerox at its Palo Alto research centre, is one of a family of computer languages that are structurally suited to writing rule-based programs. Another such language is Prolog, a form of which Artificial Intelligence is also selling as a result of an agreement with Quintus Prolog, a software company based in Palo Alto, California.

Although much of the early work in expert systems was done in academic laboratories, British companies in the U.S. are as far ahead as anyone in development work. This is partly a result of the activities of several small British companies such as Artificial Intelligence that are selling programs for applications in expert systems.

Other companies in this area include Expert Systems International, based in Oxford, and Logic Programming Associates, a company formed by academics at London's Imperial College. American companies apart from Quintus that are selling similar products include Teknowledge, Intellicorps, Syntelligence and Programming Logic Systems.

In the U.S., according to Dr David Warren, director of Quintus, "the majority of companies are in the exploratory phase in expert systems, testing out what they will do." Companies in this category, according to Dr Warren, include Fairchild (owned by Schlumberger), Burroughs and SRI International.

Dr Warren, a British scientist formerly at Edinburgh University, formed the Palo Alto company last year.

Quintus is attempting to commercialise work in Prolog-based computing done over the past decade at Edinburgh University. Five of Quintus's 16 employees were formerly at the institution.

Despite the loss to Britain of the Edinburgh academics, work in expert systems in the UK has received a boost from the Alvey programme, which is injecting £250m of state funds into research in advanced areas of computing and automation.

In one Alvey project, a joint venture between the Department of Health and Social Security, ICL, Logica and several universities, workers are attempting to build an easy-to-use data base that can be quizzed using simple English commands rather than special instructions related to computers.

The first application of the project, for which the computer workers have bought 18 Xerox 1108 machines, is a computerised advice system that will dispense information to people in social security offices, for example, about cash benefits and rate rebates.

In a further Alvey scheme, companies such as GEC, Plessey, STC and Ferranti are joining forces with computer scientists from Cambridge University to devise rule-based ways to develop new software for ordinary computer applications.

In other work, Artificial Intelligence is co-operating with Lucas, the car-components company, on ways in which expert systems can help in the design of the reflectors for headlamps. Development of such parts is very tricky due to the complexity of the geometric shapes involved.

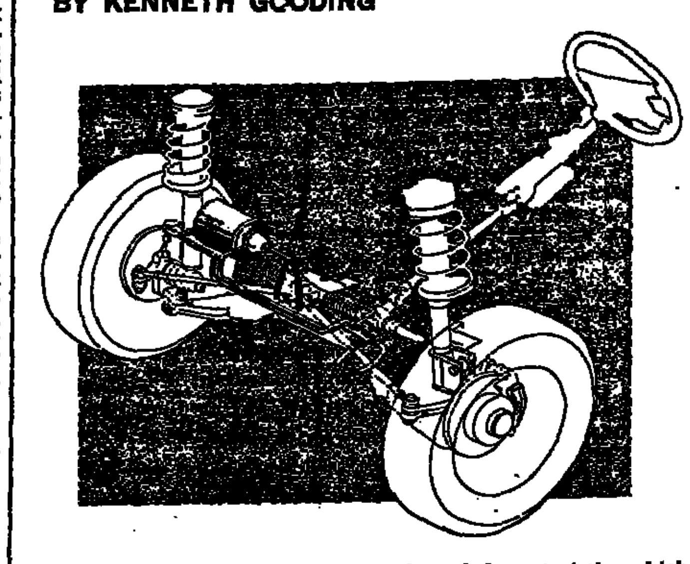
Another project by the Watford company developed an expert system to aid companies wishing to move office without turning the experience into a nightmare. The system advises on how to rationalise the storage of items such as office furniture and how to assemble the items in the most efficient way in the new premises. It was devised for Rank Xerox which was planning a major office relocation.

Similar sets of hardware could be used in any activity in which workers have to move around packages of goods in an orderly way, in warehouses or supermarket chains for example.

VEHICLE CONTROL

Power steering for all from Uni-Cardan

BY KENNETH GOODING



A POWER steering system which is much cheaper than conventional types and should bring assisted steering within the financial reach of many more motorists has been introduced by Uni-Cardan, GKN's West German subsidiary.

There should be massive demand for a cheap power steering system because steering requires more strength than any other vehicle operation—turning the wheels of a stationary vehicle needs a force equivalent to lifting up to 15 kg in weight.

The force needed for steering increases with the weight of the vehicle and for most people has reached its limits at the lower end of the medium-sized car market: that is cars with an unladen weight of about 800 kg. About half of all cars on European roads fall in this category.

To reduce the force needed to turn the wheel, the steering ratio is reduced as far as possible but this can be done only to a limited extent or steering becomes less accurate or even dangerous.

Hydraulic power-assisted steering systems of the conventional type solve this problem in principle. But these systems are relatively expensive. On average the extra charge is about 6 per cent of the purchase price of the vehicle. For this reason they are usually only offered as an optional extra at an additional cost on middle-weight, middle-cost cars.

Now Uni-Cardan and its Italian subsidiary Birfield Transmissioni, with the co-operation of Corint, an engineering business in Turin, have developed a new type of power steering based on the so-called Cordiano system.

Uni-Cardan claims that the new system is much more reasonably priced than hydraulic ones and also has a number of characteristics which make it suitable for sports cars — vehicles which require accurate steering and have so far not been equipped with power steering for this reason.

The vacuum for the Cordiano system comes, as in the case of power brakes, from the intake manifold in petrol-engined cars and is supplied by the vacuum pump in diesel cars. Uni-Cardan maintains there is no need for the oil pump and its driving elements or any means for fixing it to the engine.

"The control valve and operating cylinder of simple designs combined with seals made of rubber or low-friction, self-lubricating plastics, permit larger tolerances.

"The connecting hoses between engine, valve and cylinder which are very expensive in conventional hydraulic power steering systems because operating pressures are very high and perfect sealing is required, may be replaced by simple plastic or rubber hoses, such as used for power brakes," the company explains.

In addition to these obvious cost reductions, the new system has functional characteristics which Uni-Cardan says provide advantages:

● Accuracy and direct reaction because there is no longer any elasticity in the kinematic chain from the steering wheel to the road wheels. A steering wheel movement of only 1.5mm is required to achieve full power steering support, the company claims.

● Good response which ensures that the driver has a good feel for the driving surface because the power assistance is proportional to the torque applied to the steering wheel.

The company says it will wait to see how the industry responds to the system before deciding on any manufacturing plans.

Information

Writing on the wall

Metapraxis of Kingston-upon-Thames takes the view that most screen and keyboard business information systems are not acceptable to board members of companies, either because they are not sufficiently up to date and analytical or because they are too difficult to use.

Chairman Sir Douglas Hague thinks the information is often generated by people lower down who do not look at the problems of business as a board member does. The visible results are often indigestible.

So Metapraxis has gone into the business of providing "operations rooms" for company boards in which up-to-date information about what is going on inside and outside the company is projected at high resolution on to wall screens.

Financial information is provided in simplified form rather than being suited to those who compile it. Comparisons are immediately available, for example, between companies in a group and between one company's past and present performance. The data base, says Metapraxis, "is capable of generating over 0.25m graphs and tabulations."

The system, called Resolve, at present has six software modules and a relational database that tracks and stores figures for any corporate structure.

Device-independent graphics drivers are used for screen and hard copy colour displays and a general-purpose communications option provides links with existing databases. A translation module is used for consolidation of the figures, currency conversion and calculation of performence indicators.

Forecasting routines offer a choice of year-end prediction techniques while an "exception monitor" highlights unexpected results.

Resolve runs on IBM and compatible hardware including PC/XT and AT, the 3270/PC and Compaq/Plus. Local processing and Winchester disk storage are used to maximise response speeds while corporate data can be downloaded from most mainframe installations under 3270 or ASCII protocols.

Metapraxis offers a complete service for installation of the "boardroom of the 90s"—more on 01-541 1696.

Will this be the fate of our civil aviation industry?

In 1983, this country made a profit of £430 million from our aviation industry.

And last year, the tourists who were flown into Britain spent over £4·25 billion in our hotels, theatres, pubs and shops.

This business continues to grow at a rapid pace, bringing even more money into the country and providing more jobs.

So much so, that forecasts indicate that in future years London's airports will find themselves unable to cope.

The airlines would have to look to Holland, France and Germany to deposit their passengers, their freight and their money.

The report of the Airports Inquiries 1981-1983 was recently published.

It concluded that the London airport system (of Heathrow, Gatwick, Luton and Stansted) can remain at the centre of the world's airline industry only if it expands.

The report forecast that by the next decade the demand can only be met by an increased capacity in the south-east, which means expanding Stansted Airport and building a fifth terminal at Heathrow.

Every effort should be made to develop the regional airports, but their expansion alone could not meet the future demands of the south-east.

Unless the above recommendations of the Inquiries are acted upon swiftly, the aviation industry will suffer.

Which will mean the country loses revenue and loses jobs.

We wish to see a civil aviation industry that has the freedom to grow to its full potential.

Not one that has had its wings clipped.

AIR UK · BRITISH AIRPORTS AUTHORITY · BRITISH AIRWAYS · BRITISH CALEDONIAN AIRWAYS · BRITISH MIDLAND AIRWAYS · DAN AIR

Engineering industry set to renew growth

BY ANDREW FISHER

BRITAIN'S ENGINEERING industry is likely to show renewed growth until well into 1986 after a lull since the middle of 1984, with the main impetus coming from exports, the Engineering Employers' Federation (EEF) said.

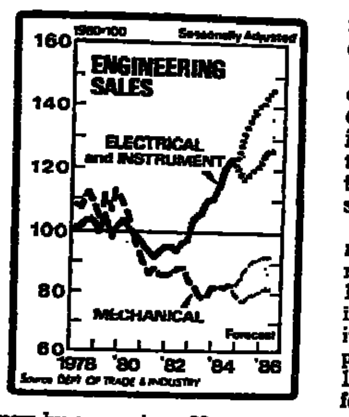
It also forecast in its latest survey of short-term trends that growth would be stronger in the electrical and mechanical engineering sector than on the mechanical side.

The EEF said there had been a substantial improvement in UK exporters' cost competitiveness against U.S. and Japanese companies over the past 12-18 months.

Prices of U.S. engineering exports were estimated to have increased by some 20 per cent in the last 12 months relative to those of UK concerns. While the dollar was clearly "overvalued," judged by its effect on U.S. industry's competitiveness, no large and rapid depreciation of the currency was foreseen.

Taking the two years up to the second quarter of 1986, the EEF forecast growth of 11 per cent for the whole UK engineering industry, the same as in the previous two years. Before the mid-1984 halt in growth, output had grown rapidly from 1983.

Export sales in the current two years into 1986 are expected to grow by as much as 26 per cent, a sharp rise on the 9 per cent rate of the previous two years. But home sales growth is likely to fall to 5 per cent from 11 per cent.



And within the industry, the mechanical engineering sector is forecast to recover much of the lost growth of the previous couple of years. The decline in this sector is now thought to have stopped in 1983, the EEF said.

Growth for mechanical engineering production to the second quarter of 1986 is put at a probable 6 per cent compared with a 7 per cent decline in the two years before. Electrical and instrument engineering is forecast to slow down to a 13 per cent rate in 1984-86.

Because of the reversal in production trends, the EEF said the electrical and instrument engineering sector was now much larger than mechanical engineering. In the 1970s, it was the mechanical sector which was dominant.

Electrical and instrument engineering was more buoyant than the mechanical sector throughout the 1970s and suffered relatively little in the 1979-81 recession. Since 1981, its output volume has risen by 32 per cent until the third quarter of 1984, with 10 per cent more growth foreseen by mid-1986.

The slow rate of recovery for mechanical engineering is projected to come to a peak this year, with output levelling off or falling at the end of 1986 or in 1987. But the sector will thus have three years of modest growth to mid-1986.

The EEF study said government figures indicated that jobs in electrical and instrument companies had been increasing since the middle of 1983 and those in mechanical engineering since the second quarter of last year.

Engineering Short Term Trends. Two reports (March and May, 1985) priced at £10 to members and £25 to others. Available from Engineering Employers' Federation.

Cost of Falklands airport and works may reach £430m

BY HUGH O'SHAUGHNESSY

THE COSTS of the new airfield and army facilities in the Falkland Islands in the South Atlantic are set to rise substantially above the published figure of £359m. Treasury approval has been obtained by the Property Services Agency (PSA) for expenditure of £430m.

The airfield, which will accommodate wide-bodied jets, is to be opened by Prince Andrew next month but the army facilities are unlikely to be completed by the target date of January 1987. Civilian flights to the Falklands are unlikely to start before the military works are finished.

Prince Andrew, second son of the Queen, served as a helicopter pilot in the Falklands war, which began three years ago this month when Argentina invaded the islands in pursuit of its claims to sovereignty.

The UK Government committed itself after the war to a new airfield to improve the island's defence and communications.

The PSA's last estimate of £359m, prepared in July on the basis of September 1983 prices, included £240m for the airfield and £119m for army facilities including a military port.

This estimate, which was published, did not include any allowances for normal contingencies. Such allowances could add £12m to the costs of the airfield and £11m to the costs of army facilities, to give a total of £382m.

It is likely, however, that even these totals will be increased by additional last-minute requirements and contractors' claims. According to officials' latest worst-case estimates the airport could cost £280m and the army facilities £150m at September 1983 prices.

The original cost of the new airfield, including a road link to Port Stanley, the islands' town, was estimated in June 1983 at £205m.

The airfield work is being undertaken by the Laing-Mowlem-Amey Roadstone Construction consortium. The military works are being carried out by the Wimpey-Taylor Woodrow consortium.

The speed with which the Government wanted the work carried out and the unpredictability of weather in the Falklands made it difficult to control the construction costs.

Both major contracts were based on bills of approximate quantities and no firm price for the work was agreed. Firm bills of quantities are now, however, being worked out with the contractors

Two more clearing banks cut base rates

By Philip Stephens

BARCLAYS and Midland Bank cut their base lending rates by ¼ percentage point to 13¼ per cent yesterday, but that still left them ¼ point above the level set by Britain's other two leading clearing banks, National Westminster and Lloyds.

Mr Nigel Lawson, Britain's Chancellor of the Exchequer, endorsed that ½ point cut earlier this week, when he said it had been "fully justified" by sterling's strong performance since the budget.

His statement was seen as a hint that the Treasury wanted the other two banks to move to 13 per cent, but their commercial judgment was that money market interest rates – which eased again yesterday – justified at best a ¼ point cut.

The outlook for British interest rates over coming weeks will depend on sterling's performance and the reaction in financial markets to the publication next week of money supply figures for March.

The authorities have made it clear that while they welcomed the move to 13 per cent they will be cautious about pushing too fast for further reductions.

Bank of England quarterly bulletin, Page 19; Analysis of bank lending, Page 47.

British Shipbuilders prepares sale of Swan Hunter yard

BY OUR SHIPPING CORRESPONDENT

THE SWAN HUNTER shipyard on the Tyne, north-east England, which a group of executives has already said it wants to buy, was yesterday formally put up for sale by Lazards merchant bank on behalf of state-owned British Shipbuilders (BS), the present owner.

The yard, now in profit after heavy losses, is one of the largest at BS. It recently delivered the Atlantic Conveyor container ship to Cunard and has a large naval order book.

Formal notification of the yard's sale follows the recent sale of the Yarrow warship yard on the Clyde, Scotland, for £34m to General Electric Company (GEC). An occupation of the Scottish yard by hourly-paid members of the 5,300-strong workforce, who were protesting against lack of consultation, ended yesterday.

GEC declined to say yesterday whether it was also interested in the Tyneside yard. Its management is due to hold talks today with Yarrow workforce representatives to discuss the purchase in which it edged out rival bidder Trafalgar House, the shipping and construction group.

Vickers has already ruled itself out as bidder for the large Vickers Shipbuilding submarine yard at Barrow-in-Furness, nationalised with other yards in 1977. It reaffirmed yesterday that it was not interested in bidding for any shipyards as they came on to the market.

Swan Hunter recently won a £140m frigate order, partnering Cammell Laird on Merseyside in the double order for the last of the Type 22 vessels for the Royal Navy. It was also told that it was in the running to build one of the cheaper and more economical Type 23s, worth some £110m.

The proposed management buyout was announced last November, involving Dr Ken Chapman, former head of the yard, Mr Alex Marsh, his successor in that position, and Dr Roger Vaughan, BS director for productivity and a member of the yard's board.

Dr Chapman resigned as deputy managing director of BS's merchant and composite division (including yards which do merchant and naval work such as Swan Hunter and Cammell Laird) to pursue the buyout scheme. Trafalgar House could also be a potential bidder.

ICI will continue fuel tests

By Lynton McLain

THE RESULTS of an intentional crash of a remote-controlled, pilotless Boeing airliner to test an ICI fuel additive were described by the company yesterday as "less positive than expected" after the Boeing burst into flames on impact last year.

Mr David Lane, the ICI paints division manager for the "anti-misting kerosene" project, gave the verdict to a U.S. congressional committee in Washington.

The project is to continue at least until the U.S. Federal Aviation Administration decides about the possible mandatory use of anti-misting kerosene, which would reduce the risk of explosion in a crash.

The likely sales value of anti-misting kerosene to ICI could be "around £1bn a year," Mr Lane said. "ICI would almost certainly have to start licensing other manufacturers if the anti-misting was made mandatory for commercial airliners," he said.

The company has spent "multi-millions of pounds" developing its additive, according to Mr Lane.

The fuel additive would add between £1 and £2 to the price of a typical airline passenger ticket and between 3 per cent and 6 per cent to the cost of a gallon of aviation fuel, ICI said. Each 100 gallons of treated aviation fuel would contain 0.9 gallons of additive.

The Federal Aviation Authority, in its preliminary findings, said "some people could have escaped from the aircraft."

The "controlled impact demonstration" in December was sponsored by the U.S. Federal Aviation Administration in conjunction with the National Aeronautics and Space Administration and came 17 years after ICI started work on its additive to make aviation fuel less easy to ignite.

The FAA has set itself a target date of July for completion of the evaluation of the demonstration and further experiments. One outcome of the hearing is that "more analysis is needed before the FAA can take a decision on a notice of proposed rule making which would make the use of anti-misting kerosene mandatory," ICI said.

GUS chairman among 12 new life peerages

By Peter Riddell

SIR LEONARD Wolfson, the chairman of Great Universal Stores, and merchant banker Mr Charles Williams are among 12 new life peers and peeresses announced yesterday by Mrs Margaret Thatcher, the Prime Minister.

The list is of working peers who are expected to play an active role in the House of Lords. The creations are in response to a request from Mr Neil Kinnock, the Labour leader, who wanted to strengthen his party's ranks in the House of Lords

There are seven new peers nominated directly by Mrs Thatcher, five by Mr Kinnock and one on behalf of the Alliance.

For the first time Mrs Thatcher has agreed to nominate an SDP peer

The new SDP peer is Mr Richard Crawshaw, a former SDP MP and deputy Speaker of the Commons.

Mrs Thatcher's nominations include Mr Jack Butterworth, the vice-chancellor of Warwick University, plus two former Tory MPs, Sir William Elliott and Sir Marcus Kimball.

Customs disruption discounted

MINISTERS yesterday moved to reassure travellers that a planned work to rule by Customs officers over the Easter weekend would cause little disruption, **David Brindle writes.**

Mr Barney Hayhoe, Civil Service minister, said that union leaders had sought to alarm the public over action which should cause "no undue problems" for the great majority of holidaymakers.

Even some union officials admitted that the likely impact of the work to rule had been overstated. Their private view was that travellers could face a little delay and inconvenience at those ports and airports where Customs officers took action.

The work to rule, which is part of the Civil Service unions' campaign to win an improvement in a 4.4 per cent pay offer, has been in force since Monday and is expected to be imposed more rigidly from tomorrow.

The action will chiefly involve about 13,500 members of the Society of Civil and Public Servants, some 25 per cent of whom work in direct contact with the public. A further 5,700 lower-grade Customs employees are members of the Civil and Public Services Association, but they are mostly employed in administrative work.

More UK news on Page 19

☐ **THE LEADERS** of Britain's postal workers were last night expected to give their approval to the final agreement thrashed out between union and management officials.

Assuming the postal committee of the Union of Communication Workers approves the 50-page document, today's meeting of the national executive is certain to recommend acceptance to the union's national conference in May.

The chances of that conference reversing huge majorities from last month's special conference against an extension of part-time workers and a mandatory productivity scheme remains in doubt, however.

☐ **THE HIGH** Court has refused to make an order that would invalidate any arrangements already made by the Inland Revenue about the amount of tax to be paid by Shell, Esso and BP on ethane gas from the North Sea.

Mr Justice Woolf, who in January ruled that the Revenue had valued ethane on an incorrect basis that would give illegal tax benefits to the oil companies, yesterday rejected a plea by Imperial Chemical Industries for a retrospective declaration that any such arrangements were invalid and that the Revenue should levy tax on the basis of a proper valuation.

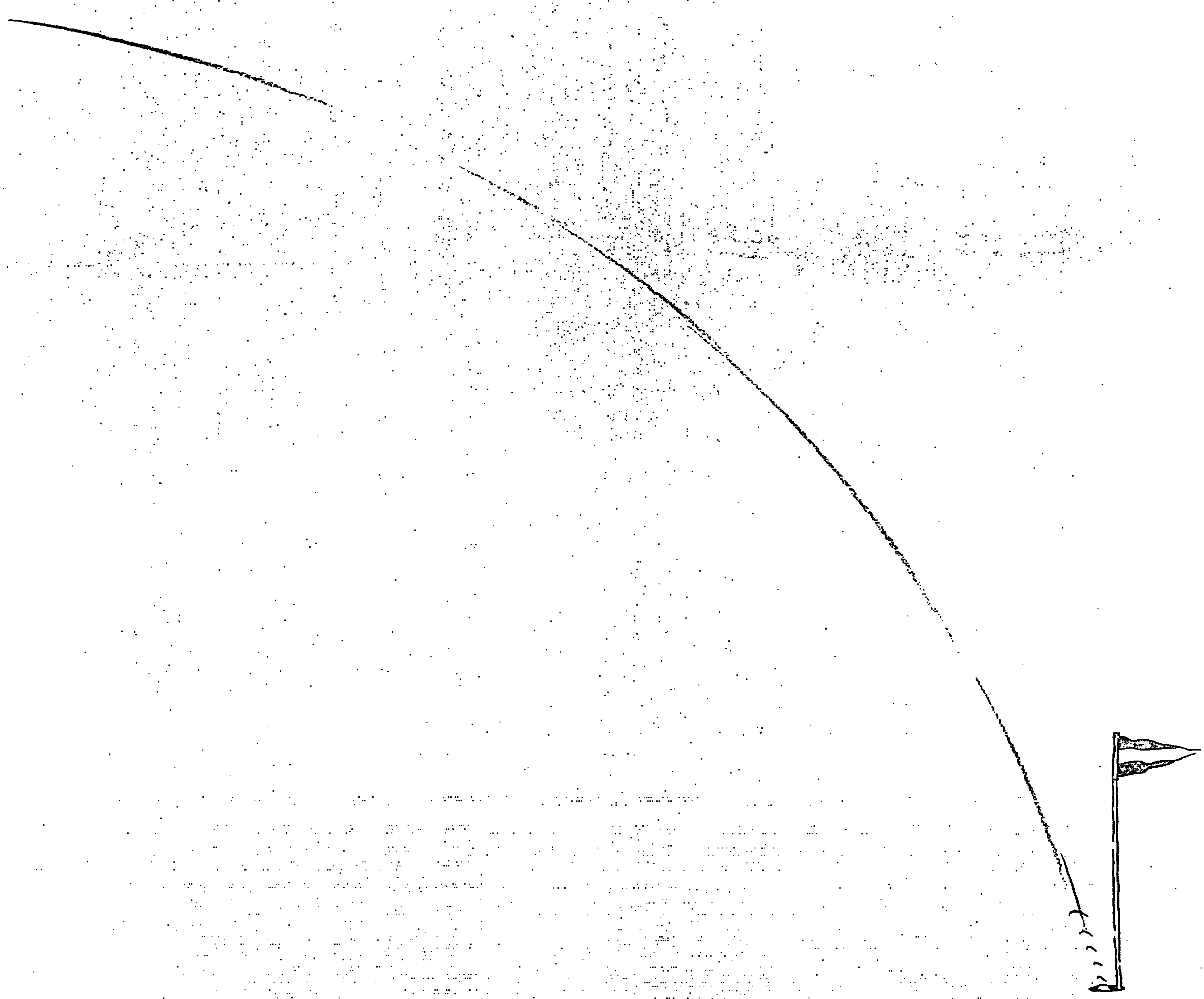
☐ **ANOTHER** $262,000 (£217,000) of the £8.5m assets of the National Union of Mineworkers, which were transferred abroad by the union to avoid court sequestration, have been returned to the UK.

Mr Michael Arnold, of Arthur Young, the High Court appointed receivers of the union's funds, announced that a Swiss court had released the money to him.

☐ **CONSERVATIVE** Party leaders have suspended the £30,000 annual grant to the Federation of Conservative Students (FCS) until at least June, pending an inquiry into reports of vandalism at its annual conference this week.

This was the latest episode in a growing controversy over allegations of right-wing extremism by some FCS members.

Olé in one.



Tee off at Heathrow for Madrid.

Now you can fly direct to Spain with our two new daily flights from Heathrow to Madrid, or to Portugal with our daily flight to Lisbon.* With more flights from more British airports, we're living up to our name.

*FROM APRIL

BRITISH AIRWAYS

The world's favourite airline.

JOBS COLUMN

Record year's start on UK executive market

BY MICHAEL DIXON

"I'VE GOT egg on my face, I'm afraid," said the voice.

It belonged to Garry Long of Hay-MSL. Enduring readers may recall that for 26 years his consultancy has kept a quarterly check on advertised demand for executives and top specialist staff in the United Kingdom. It may also be remembered that on February 21 this corner of the FT reported that Mr Long was in gloomy mood.

The reason was that although in the January-March quarter of last year the Hay-MSL index had shown the demand at its highest since 1966, it had thereafter dropped steadily throughout the rest of 1984. Mr Long interpreted this, in the light of the cyclical rises and declines in the UK executive jobs market over the previous quarter century, as meaning that the recent boom in overall demand was over.

Hence the hen-fruit upon his visage. For the table up there to the right gives the result of the consultancy's count of relevant job advertisements appearing in January and in February this year. The count for last month has not yet been completed. But it looks as though the March total, while lower than the one for February, was down on it by only 6 to 7 per cent.

UK ADVERTISED DEMAND FOR MANAGERS AND KEY SPECIALISTS

Type of work	Actual Jan	Actual Feb	Guessed Mar	Guessed Jan-Mar	Oct-Dec 1984	Jan-Mar 1984
R & D	613	744	684	2,041	1,764	1,972
Production	723	716	659	2,098	1,707	1,784
Marketing	642	571	525	1,738	1,433	2,114
Accounting	694	631	581	1,906	1,328	1,665
Computing	360	440	405	1,205	868	1,042
General mgt	127	122	112	361	283	396
Personnel	101	117	108	326	202	249
Others	567	668	615	1,850	1,308	1,415
Total	3,827	4,009	3,689	11,525	8,893	10,637

I—thinking slight pessimism the best policy—have accordingly shaded down each of the February results by 8 per cent to give "guessed" figures for March and for this year's first quarter. Then I've given the actual results for the last and the first quarters of 1984.

As demand for people in each of the eight particular job categories is liable to go up and down fairly rapidly, my guesses for the 1985 March and first-quarter counts are likely to be considerably astray. The totals in each case, however, are probably there or thereabouts—and one thing is certain anyway.

It is that the February count pushed the Hay-MSL index to the highest it has been. What is more, if the March count turns out to be even 10 per cent down the preceding month's—which the consultancy's staff feel sure it would not be—the UK advertised demand has just had its best first quarter of any year since the consultancy began its checks in 1959.

We should therefore award some sort of prize to another recruitment consultant, David Duncan of Team (Management Appointments). For a few days after I reported Garry Long's gloomy prognostication, Mr Duncan riposted that on his reading of the economy January-March 1985 would see a biggish leap in the advertised demand

He was a bit strong, mind you, in forecasting that a minimum of 11,828 appropriate jobs advertised in the three months, against my indication of a mere 11,525. But while that might make him seem awfu' reckless in the eyes of his fellow Scots, we easier-going races will surely forgive him.

Mr Long deserves commendation too. Even though he turned out to be wrong, he took great pains to ring up the Jobs Column at the first opportunity and say so. "I'm much happier being optimistic really," he said.

Switzerland

HEADHUNTER John Steele of the Swiss consultancy Manserv seeks a vice-president, commercial and operations, for an international contracting company which he may not name. So—as is always the case in this column when a recruiter does not identify the employer—he promises to abide by any applicant's request not to be named to his client at this stage

Based in the French-speaking part of Switzerland, the company's main operations are in the Middle and Far East. The incoming vice-president, who will work from the headquarters, will have four main areas of responsibility:

Setting out strategies and objectives, and developing and improving organisational systems.

Keeping check on financial results and other indicators of performance, and helping the managers of the various contracting operations to do better.

Negotiating with clients, and on joint-venture and technology agreements.

Watching over all corporate legal matters, including claims.

Candidates should be already in general management with extensive experience in international contracting or construction. Formal qualifications in contract law or finance or both would help a great deal.

The salary indicator is SFr 120,000 upwards plus bonus related to profits. According to the international comparisons published by Employment Conditions Abroad — admittedly worked out on different exchange rates—the indicated salary looks low by the standards of Swiss management. Other benefits are for negotiation.

Inquiries to Mr Steele at Glärnischstrasse 42, 9500 Wil, Switzerland; telephone (0)73 23 76 44, telex 88 33 89 Mser Ch.

Engineering boss

SOMEONE with success as a general manager in the volume-production engineering field is wanted by recruiter Brian Woodhead, who runs a consultancy of the same name, to become managing director of a company with a turnover of more than £20m in supplies to the automotive industry.

Part of a midland-based group, the company is currently expanding and investing in plant. "Performance-improvement opportunities are already identified which will give the new MD a flying start," the the recruiter promises.

Here the salary offered is around £30,000, with perks including company car.

Inquiries to Mr Woodhead at The Coach House, 93a Hagley Road, Edgbaston, Birmingham B16 8LG; tel 021-455 9292, telex 337492 Comcab G.

Finance chief

DAVID WILSON BELL, who also runs a consultancy of the same name, is also seeking someone to work in the Midlands. This time he or she is a qualified accountant with enough commercial and managerial as well as technical ability to be finance director of a company making plastics and chemical products.

The total pay package in mind will be worth about £27,000.

Inquiries to Chesham Executive Centre, 150 Regent Street, London W1R 5FA; tel 01-734 5351, telex 261426.

Property deals

ANOTHER ACCOUNTANT, demonstrably skilled at controlling complex property development deals, is wanted by Bill Gill of Merton Associates (Consultants) for a London property development company. The recruit will work on projects valued at up to £500m and more.

Salary at least £25,000 with car among perks.

Inquiries to Merton House, 70 Grafton Way, London W1P 5LE; tel 01-388 2051, telex 8953742 Merton G.

Merchant Navy Pensions Administration

Merchant Navy Pensions Administration wishes to appoint additional members to its Investment Team based at its Old Broad Street offices in London.

Merchant Navy Pensions Administration is responsible for the investments of the Merchant Navy Officers Pension Fund and the Merchant Navy Ratings Pension Fund. Total assets are in excess of £1¼ billion. Growth of assets and the continuous need to control and direct investments in order to maximise *long term benefits* for members of both pension funds necessitate three new appointments.

Far East Portfolio Manager

Responsibilities cover the establishment of full in-house capability in the management of funds currently managed externally. These currently total around £60 million which the right applicant will see as a useful starting point for the creation of what will become a major contributor to the *overall performance* of the Funds.

European Portfolio Manager

Assets are currently around £35 million. The successful applicant will see European investment management as offering greater investment opportunities than merely tagging along with the Capital International Index. He or she will also look at the current level of assets as only the beginning of the construction of a lively and adventurous investment philosophy based on European Securities.

Corporate Finance

A heavy burden of private company work combined with an investment attitude in public UK companies which takes our members' interests seriously means we need to appoint an additional member to our UK Equity team. Accountancy or legal qualifications and a few years' relevant experience would benefit the successful applicant.

If you want to join a successful team, do a useful job of work, be more than just a cog in someone's marketing by numbers approach to investment and expect competitive remuneration, write with full career details to:-

Mr. John Bird, Secretary,
Merchant Navy Pensions Administration,
Ebbisham House, Church St., Epsom, Surrey. KT17 4QF

The organisation, a leading international securities firm, which generates a substantial volume of business from its operations worldwide and *is at the forefront of the changes confronting the international securities* market, is seeking to make the following important appointments (of which our internal staff are fully aware).

MANAGER, JAPANESE RESEARCH OPERATION

Based in Tokyo, to be responsible for the co-ordination and development of the group's Japanese Research product. As Manager of a team – which is shortly to be expanded — of three expatriates and one Japanese national, the successful applicant must not only have a strong analytical background and organisational capabilities, but should equally be able to demonstrate market judgement and an effectiveness with clients.

These attributes will be more important than a practical knowledge of the Japanese Market, though the post will be attractive to someone who has Japanese experience.

MANAGER, EUROPEAN SALES

Based at Head Office in London and supported by a specialist Research team, the responsibility will be the selling of European securities to internationally based institutions.

The successful applicant will be strongly sales oriented and will have a good knowledge of European markets. His or her early success will be reinforced by additions to the sales team, which will lead to additional responsibilities of a management nature.

SALES TRADER — US SECURITIES

Based in London, the appointment calls for an individual with at least 2 years broad experience and understanding of US security markets. The successful applicant will be working with an institutional sales desk in London who are supported by an established research team in the US, where the organisation is a member of the New York Stock Exchange.

Remuneration packages will reflect the importance of the above appointments.

Please reply *with a cv in the first instance to: Grandfield Rork Collins* Financial, 55, Basinghall Street, London EC2V 5DU.

Assistant Treasurer

Circa £20,000 p.a.

EXFINCO is seeking an *Assistant Treasurer to join its professional management* team. Initially the Assistant Treasurer will be responsible for foreign exchange and funds management, but should be capable of further growth into treasury management. Experience of foreign exchange and money market dealing, ambition and self-motivation are essential qualifications. 22-35 is the preferred age range.

The successful candidate will be based at the company headquarters in Swindon, Wiltshire. *There is a non-contributory pension scheme together with* other benefits. Re-allocation assistance will be provided.

Applications, enclosing a brief c.v. and details of current remuneration, will be treated in the strictest confidence *and should be addressed to* Mr. J. W. Adams, Company Secretary, The Export Finance Company Limited, Exfinco House, Sanford Street, Swindon, Wiltshire SN1 1QQ.

THE EXPORT FINANCE COMPANY LIMITED.
EXFiNCO

CHIEF UNIT TRUST DEALER

Britannia Group of Unit Trusts, one of the U.K.'s largest and most successful unit trust groups, is currently seeking to appoint an experienced unit trust dealer to fill a challenging role as Chief Dealer for the Group, based in our London Head Office.

The candidate, aged 26-35, will have in-depth experience within a dealing environment. Working with a team of eight dealers, he/she will report directly to the Manager of the Unit Trust Dealing Department and be expected to play a major part in the substantial computerisation program now underway for the Group's dealing function.

Britannia will provide a secure and rewarding future for the successful candidate, who must be self-motivated and have a minimum of three years dealing experience, ideally in an automated environment.

The remuneration package offered is excellent and will include a highly competitive salary with all the usual fringe benefits including a bonus system.

Applicants should write, in the first instance to G. O. Curtis,

BRITANNIA
Group of Unit Trusts Limited,
Salisbury House, Finsbury Circus, London EC2M 5QL.
attaching a full curriculum vitae.

CARGILL

INTEREST RATE TRADER

CARGILL UK LIMITED

Seek an Interest Rate Trader with at least 5 years experience.

Candidate will be expected to use own initiative on very active trading desk.

Salary and terms to be negotiated.

Apply with full particulars to:

Alan McDonald
Personnel Manager
Cargill UK Ltd
3 Shortlands
London W6 8RT

International Bank Economist

Due to the restructuring of the economics function within Midland Bank Group we have a vacancy for a Manager (International).

The person appointed will be one of a team of about twenty professional economists in Group Economics Department of whom five will directly support the appointee in the analysis of international economic developments and prospects as required throughout the Group for credit, planning and marketing purposes.

Applicants should have both a deep and sound background in international economics (which will probably be reflected in a second *degree) and substantial experience of its* application in an international bank or other financial institution. Salary will be approximately £23,000 and other fringe benefits associated with the *banking industry* including a car will be available.

Further particulars may be obtained from:

Group Economics Department (Ref ED2),
Midland Bank plc, Head Office, Poultry,
London EC2P 2BX.
Tel: 01-606 9911 Extension 2736

Midland Bank

SOLICITORS
for Commercial and Financial Work

Coward Chance have vacancies for newly *qualified solicitors for training in inter*national commercial and financial work of a challenging kind, including all aspects of Eurocurrency banking. A substantial degree of responsibility will follow at an early stage with opportunities for travel.

Applications are also invited from assistant *solicitors currently practising in this field* whose experience will be given full recognition.

Applicants should have a good degree. In the case of newly qualified solicitors previous commercial experience, though desirable, is not essential. Please write with full C.V. to:

D. Pegg,
Coward Chance, Royex House,
Aldermanbury Square,
London EC2V 7LD.

COWARD CHANCE

INVESTMENT MANAGEMENT

We are a small investment management company with funds of over £100m, specialising in growth companies in the UK, USA and Japan.

We are looking for a person up to 30 to join the investment team. All applicants should have at least two years' investment experience, preferably in Japanese equities. The successful candidate will initially be involved with our Japanese *investments* but *should* have some *knowledge* of other stockmarkets. An understanding of administrative functions would be particularly appreciated.

Please write in strictest confidence with c.v. to

JAMES IVORY, IVORY & CO.
58 Castle Street, Edinburgh EH2 3LU

Phillips & Drew

FUND MANAGEMENT
FIXED INTEREST

Phillips & Drew Fund Management wishes to recruit an additional fund manager for the team responsible for the Gilt-edged and Fixed Interest portfolios.

Applicants should be in their 20s with at least two years' fund management experience of either gross or net portfolios. They should be able to *communicate* well *with both clients and colleagues* and be prepared to work in a highly competitive environment.

An attractive salary package will be offered.

Written applications, containing full educational and career details, should be marked for the attention of M. Brooks and sent to:-

Phillips & Drew
120 Moorgate, London EC2M 6XP

European Manager Finance and Administration

Salary appropriate to the position — Thames Valley Based

A major division of a US multinational, which has annual sales well in excess of $1 billion, our client is seeking to strengthen its European Headquarter team with the appointment of a new Accountant to the key role of *European Manager* Finance and Administration.

You will be reporting directly to the International Division Controller who is based in *the USA and will also have a dotted-line reporting relationship with the European* General Manager. As part of the European team, you will be responsible for the analysis and interpretation of all financial data from the European subsidiaries. These companies are engaged in the sales, marketing and support of a range of computer products aimed at the technical and business market. You will be asked to work closely with the European controllers and extensive travelling across Europe and to the USA could be involved.

To fully succeed in this role you will need to be:—

- ★ professionally qualified, preferably ACCA or ACMA
- ★ aged between 30 and 45 with working experience within a US company
- ★ have exposure to a computer or high technology environment with European subsidiary companies and sophisticated reporting structure
- ★ have good *managerial* and communications skills
- ★ a foreign language, particularly French or German, would be an advantage but is not essential.

Key is your ability to analyse and interpret figures, working closely with senior personnel across Europe, and presenting your findings in a concise manner.

In addition to the attractive salary the benefits package includes a quality car, pension scheme, free BUPA, and generous relocation assistance if required.

For further information or a confidential discussion please call Newbury (0635) 48709 quoting ref 123, or write to:

Larkfield Associates
Personnel Consultants
Mill Reef House, 9-14 Cheap Street,
Newbury RG14 5DD

Williams de Broë

PORTFOLIO MANAGER

Candidates considered for this position in our Private Client Department will have previous experience of Fund Management or a sound knowledge of Investment Strategy, Analysis and Marketing.

The person selected will be aged 27 - 35 and possess the ability to be an enthusiastic member of a successful team.

Please apply in writing to:
Stuart Fraser,
Williams de Broe Hill Chaplin & Company,
Stockbrokers
Pinners Hall, Austin Friars,
London EC2P 2HS

Young Economist
Expand Your Potential

A graduate with 2–5 years' experience in economic analysis and report writing, you are now looking for the opportunity to join a *small team* where your *full potential* will be realised through greater involvement, increased responsibility and the chance to make a positive contribution to the direction of new business.

This city branch of one of the world's largest international banks is poised to extend and develop its client base and range of banking services in the UK and Europe. It now seeks a research officer who will be responsible for the interpretation of general economic trends in the UK and abroad, analysis of industry sectors and some credit work.

You have highly developed communication skills and possess the maturity and *flexibility* to perform in a demanding environment. Whilst experience in banking or a financially related discipline is preferred it is not essential. An outstanding remuneration package will be offered which includes a competitive salary, augmented by normal banking *benefits.*

Please apply in writing, enclosing a cv, to Barbara Lord of Cripps, Sears and Associates Ltd., Personnel Management Consultants, 88/89 High Holborn, London WC1V 6LH, Tel: 01-404 5701.

Cripps, Sears

Appointments Wanted

British Master
SEEKS EMPLOYMENT IN LARGE YACHT
Ex-Tanker Captain
Utterly reliable. Age 51.
Tel: 0789 25201 (Bogianen)
via Fausania 8, Olbia, Sardinia

UNIVERSITY COLLEGE, OXFORD

GENERAL ELECTRIC COMPANY VISITING FELLOWSHIP

The College invites applications for the GEC Visiting Fellowship. The Fellowship is tenable for a period from 3 to 12 months, including at least one university term, and is to be held by a person on leave from employment in industry, commerce or the public service in order to engage in study and research. The College will provide accommodation and the Common Table. It is expected that the Fellow will normally continue to receive his/her salary from his/her employer. It is hoped that the first GEC Visiting Fellow will be in residence by October 1985. Inquiries in relation to future appointments are welcome at any time. Address all correspondence to the Senior Tutor, University College, Oxford OX1 4BH, from whom further particulars are available.

CJA RECRUITMENT CONSULTANTS
35 New Broad Street, London EC2M 1NH
Tel: 01-588 3588 or 01-588 3576
Telex No. 887374 Fax No. 01-638 9216

CJRA TREASURER – CAPITAL MARKETS

CITY — **HIGHLY COMPETITIVE SALARY**

CAPITAL MARKETS SUBSIDIARY OF MAJOR INTERNATIONAL BANK

Our client, a major force in international finance with a substantial banking presence in London and other world financial centres, seeks the treasurer for its Capital Markets subsidiary.

Candidates should have some experience in developing and managing a small team of highly motivated money market and foreign currency deposit professionals.

This is an outstanding career opportunity for someone with at least six years' domestic and foreign currency trading experience, substantial exposure to new financial instruments, good accounting skills and a track record of successful development and implementation of treasury management techniques.

Salary and fringe benefits will fully reflect the importance attached to the position. Applications, in strict confidence, under reference TCM16504/FT will be forwarded unopened to our client unless you list companies to which they should not be sent in a covering letter marked for the attention of the Security Manager:

Scope to join a particularly dynamic team, and to move to a more senior international management position in the U.K. or overseas in either Energy or Corporate Banking in 18-36 months.

CJRA MANAGER ENERGY BANKING – PROJECT AND CORPORATE FINANCE

CITY — **£27,000–£32,000**

MAJOR INTERNATIONAL BANK – ASSETS IN EXCESS OF U.S. $50 BILLION

We invite applications from Bankers, aged 28-36, with a university degree, preferably MBA, who have acquired several years of corporate banking experience with exposure to energy and/or project finance related business. Responsibilities will cover marketing, corporate lending, project finance and advisory services to energy companies in Europe, Middle East and Africa. The successful candidate will play a lead role in structuring and marketing financing packages to clients drawing on the world-wide resources of the bank. Close liaison will be maintained with internal Legal Counsel. Up to 30% away travel will be necessary. In addition to refined marketing and analytical skills, the successful candidate will also possess an innovative ability and the capacity to communicate lucidly orally and in writing. Initial remuneration negotiable, £27,000–£32,000 + car, subsidised mortgage and BUPA, non-contributory pension, free life assurance, assistance with removal expenses if necessary. Applications in strict confidence under reference MEB 16593/FT, will be forwarded unopened to our client unless you list companies to which they should not be sent in a covering letter marked for the attention of the Security Manager:.

CAMPBELL-JOHNSTON RECRUITMENT ADVERTISING LIMITED, 35 NEW BROAD STREET, LONDON EC2M 1NH.

US Government Securities

Sales and Trading

A major New York Bank is planning to develop its customer base in this highly specialised market and currently requires an individual with at least 3 years experience, to increase its potential within the London time zone.

This diverse role is crucial to their international expansion effort and will combine:

- ★ **Sales** — developing an international institutional client base with primary focus on Europe and the Middle East.
- ★ **Trading** — using traditional US Government yield curve analysis; and taking advantage of variable market conditions.

Candidates will require an intimate knowledge of the U.S. Government securities market, and have the necessary drive and enthusiasm to develop their London-based team, working closely with New York, but with a high degree of autonomy.

A competitive remuneration package is negotiable for those with the necessary skills and experience to succeed in this role. Applicants should contact **Chris Smith on 01-404 5751**, or write to him, enclosing a detailed c.v., at the Banking and Finance Division, 23 Southampton Place, London WC1A 2BP, quoting ref. 3490.

MP
Michael Page Partnership
International Recruitment Consultants
London Bristol Birmingham Manchester Leeds Glasgow Brussels New York Sydney

MAJOR INVESTMENT OPPORTUNITIES TO £35,000

Our Clients, an established U.K. investment institution, are recognised as being amongst the best performing within their sector. They are now experiencing substantial growth of existing business and also seek to expand through diversification and acquisition.

We are seeking on their behalf, high calibre graduates and professionals who are keen to accept the challenge and rewards offered in the following key positions.

INTERNATIONAL FUND MANAGER to £35,000 — An international equities specialist with several years' experience in one or more Pacific Basin markets. The position will involve travel and the job holder will be expected to make an important contribution to investment strategy decisions.

INVESTMENT ANALYST to £20,000 — A U.K. Equity Analyst with a strong research orientation and dealing experience. Ideally the job holder will have a sound knowledge of one or more industrial sectors.

The above positions offer candidates the opportunity to work in a stimulating environment where further personal and professional development is actively encouraged.

If you would like to discuss in strictest confidence either of the above positions or if you consider your skills may be of interest to our clients during their current programme of growth, please write to, or telephone:
Derek A. Burn, MCP Consultants, Halton House, 20 Holborn, London EC1N 2JD (01-405 9000)
to arrange an informal discussion.

MCP Consultants
Financial Sector Human Resources

Direct Marketing Executive

Romford

Founded in 1934, the Save & Prosper Group has developed from its position as Britain's leading unit trust company, to become a major force in the whole area of personal financial services. The Group currently manages over £2,000 million.

We now wish to increase the direct response sales of selected company products and are looking for a direct marketing professional to expand our effectiveness in this sector.

Liaising with other Group executives, you will be required to develop and execute the Direct Marketing Plan designed to attain our sales targets.

Ideally you will be a graduate aged 25-35, with at least five years experience of direct response marketing in the financial services sector.

In addition to an excellent starting salary we offer a benefits package including free life assurance, non-contributory pension scheme, BUPA and sports and social facilities.

To apply, please send a full CV to Keith Nicholson, Snr. Personnel Officer, Save & Prosper Group Ltd., 1 Finsbury Avenue, London EC2M 2QY.

SAVE & PROSPER

Phillips & Drew

INTERNATIONAL BOND SALESMAN

Phillips & Drew is seeking a salesman or saleswoman to complement a successful team advising UK and international clients on international bond markets.

The successful candidate will be a graduate, probably aged 25-30, with at least two years experience of fixed income markets. The position requires analytical as well as sales skills and the ability to convey opinions in writing as well as verbally. Knowledge of a foreign language is desirable.

An attractive remuneration package is available.

Applications should be sent to:
Miss Deborah Harman,
Phillips & Drew, 120 Moorgate, London EC2M 6XP

HACKNEY ENTERPRISE BOARD

Is a new company, set up with the objective of strengthening the Hackney economy by investing in profitable and job-generating local ventures. The board has been successful in obtaining finance from the greater London Enterprise Board and the London Borough of Hackney.

Chief Executive £18,000

Reporting to the independent Board, you will take prime responsibility for developing projects, negotiating investment packages, and appraising proposals. You will be expected to take the lead in ensuring the swift establishment of HEB and its investment portfolio.

You will have a proven track record in industrial or commercial investment, combined with the breadth of knowledge and innovation to initiate opportunities in the local economy.

You must be able to develop projects which give the fullest account to both commercial and broader economic objectives.

For the above post which is initially for one year contract, a knowledge of the disadvantages faced by Black, Asian and Cypriot people would be particularly useful.

For an informal discussion, please ring John Tilley, on 01-739 7600 ext 205.

Letters of application to be sent by 12th April 1985 to: Mervyn Jones, Company Secretary, HEB, 1 Hoxton Street, London N1.

The Hackney Enterprise Board is an equal opportunities employer. We welcome your application which will be considered on merit, irrespective of race, marital status, sex, or any disability you may have.

PIMS BUSINESS ANALYST

The Strategic Planning Institute is a non-profit organisation based in the U.S. and Europe. We run the PIMS Programme, an international project centred on empirical research into determinants of business success. The London office of SPI is expanding its applications staff and seeks an experienced person, numerate and with good communications skills, to give practical help to European member companies.

To contribute, you should have:

- ★ 2+ years in marketing, planning or management accounting in a medium/large company;
- ★ Ability to structure presentations of complex material;
- ★ Second European language;
- ★ Knowledge of economics, statistics and accounting;
- ★ Willingness to travel.

The position offers:

- ★ Challenging work, with clear prospects for advancement in a small, apolitical office;
- ★ Salary and benefits competitive with those offered by large companies.

Forward curriculum vitae, in strictest confidence, to:

Bob Luchs
STRATEGIC PLANNING INSTITUTE
Panton House, 25 Haymarket
London SW1Y 4EN

SPI

BROWN, SHIPLEY & CO. LIMITED

CORPORATE FINANCE EXECUTIVE

Brown, Shipley & Co. Limited, a member of the Accepting Houses Committee, is seeking to recruit a corporate finance executive of the highest calibre.

The candidate should ideally be aged about 25, a graduate, and should have qualified either as a chartered accountant or solicitor with one of the leading firms in the City. He or she should have had some exposure to corporate finance transactions. This is an opportunity for someone who is well motivated to join a successful and expanding corporate finance department of 3 directors and 12 staff.

A competitive remuneration package will apply.

Please reply to:

I. P. van Kuffeler,
Director,
BROWN, SHIPLEY & CO. LIMITED,
Founders Court, Lothbury,
London EC2R 7HE.
Ref: CFE/7

THE UNIVERSITY OF LEEDS

THE OFFICE OF THE BURSAR

The Deputy Bursar

Applications are invited for the post of Deputy Bursar which will become vacant on 30 September 1985. Applicants will be professionally qualified and able to offer evidence of competent management skills at a senior level within a financially-based area of administration. Previous experience of university finance in particular, whilst desirable, is not essential. The salary will be within the Administrative Grade IV range, minimum £18,070 per annum (under review).

Further particulars may be obtained from the Registrar, the University, Leeds, LS2 9JT, quoting reference 117/44. Applications (two copies), giving details of age, qualifications and experience, and naming three referees, should reach the Registrar no later than 30 April 1985. Applicants from overseas may apply in the first instance by cable, naming three referees preferably in the United Kingdom.

MARKETING MANAGER

A leading video and film company, specialising in the production of material for companies and City institutions, requires an experienced Marketing Manager.

The successful candidate will have wide marketing experience, will know the City well, and will have knowledge of, and an interest in, video and film communications.

Apply in confidence to:
Paul Ellis
Managing Director, Crown International Productions plc
Greenstar House, Claygate, Esher, Surrey KT10 0QY

CRM VERMÖGENSBERATUNG GMBH

CAPITAL RESEARCH + MANAGEMENT

We are an independent

GERMAN STOCKBROKING FIRM

with a London Office (City), advising institutional clients worldwide. We specialise in GERMAN, SWISS, English and Australian stock markets.

We are looking for 2 experienced people for

INSTITUTIONAL SALES
in London and Munich.

Foreign travel is essential and knowledge of the German language is of advantage.

Competitive remuneration package. Please apply to:

J. Bohn	R. F. Winkler
Head Office:	UK Representative Office:
Prinzregentenplatz 10	39-41 New Broad Street
D-8000 München 80	London EC2M 1NH

FOREIGN EXCHANGE DEALERS AND COMMODITIES TRADER REQUIRED

Progressive company requires traders with at least 2-5 years' dealing experience covering U.S. dollar and major European currencies and also commodity traders. Preference will be given to candidates with a proven track record. Excellent package is being offered for these positions.

All replies should be sent to:

Box A8950, Financial Times, 10 Cannon Street London EC4P 4BY

CORPUS CHRISTI COLLEGE CAMBRIDGE

Applications are invited for the post of full-time Bursar of the College. The Bursar has responsibility for all the financial and administrative aspects of the College's life and is centrally involved in College policy and planning.

Salary will be within the range of £15,000-£19,000 p.a.

The ideal candidate is likely to be a graduate experienced in management and financial control, familiar with University administration, with diplomatic and negotiating skills and experience of computerised office technology. The person appointed will be eligible for election to a Fellowship of the College.

Further particulars are available from:
The Master's Secretary, Corpus Christi College, Cambridge CB2 1RH
Applications, together with the names and addresses of not more than three referees, should reach the Master by 27 April 1985

TRAINEE/ASSISTANT FUND MANAGER GILTS

The Manufacturers Life Insurance Company

Manufacturers Life Insurance Company require a trainee/assistant fund manager preferably with some commercial or investment experience to work on our fixed interest desk. Full training will be given as appropriate in both analysis and dealing in the gilt market, eurobond and U.S. fixed interest markets.

Applicants should be highly numerate, although we must stress this is not a back room, number crunching type job. An understanding of the real world is essential especially in the economic and political sense. This vacancy would probably appeal to maths or economics graduates with up to 2-3 years' background experience in actuarial or accountancy environment, looking for a more interesting outlet for their skills. A competitive salary with usual company benefits is on offer. Career prospects are excellent.

Applicants are invited, in strict confidence enclosing their curriculum vitae, to write to Mr. R. Chapman, Manulife International Investment Office, Broad Street House, 55 Old Broad Street, London EC2M 1TL.

Due to expansion we require an additional member of staff for our Accounts Department.

Prospective candidates should be in the 25/35 years age group with a sound knowledge of Accounts and two to three years' experience of management reporting and Bank of England returns.

Salary to £11,000 plus usual banking benefits.

Please write in confidence with full cv, Ref: AC, to:
Miss Pat Cadman
Philadelphia National Bank
3rd Floor, Barber-Surgeons' Hall
Monkwell Square, London EC2Y 5BL

HEAD OF SECURITIES SECTION

TOUCHE REMNANT, one of the largest independent investment managers in the U.K., with assets under management in excess of £2.7 billion, require a mature person to head a small securities team.

Candidates should be experienced in security settlement procedures on an international basis and be prepared to participate in the development of systems.

Competitive salary, non-contributory pension scheme plus other benefits normally associated with a City financial institution.

Please send full curriculum vitae to:—

L. W. Baker
TOUCHE, REMNANT & CO.
Mermaid House, 2 Puddle Dock
London EC4V 3AT

HEAD OF FINANCIAL PR AND INVESTOR RELATIONS UNIT

One of the top-ranked and fastest-growing public relations consultancies, we are seeking a capable financial and communications specialist to develop our financial public relations and investor relations resource into a significant division of the company. Salary and benefits will reflect the importance we attach to this post and will include a profit-sharing bonus, company car, pension scheme and private medical insurance.

Please send your c.v. to:

Alan Butler
CARL BYOIR & ASSOCIATES LTD.
11a West Halkin Street, London SW1X 8JL

01-499 9175
MacBlain NASH
Temporary Secretaries
Recruitment Consultants
18 Hanover Square London W1R 0AU.

مكتبة الملك

Accountancy Appointments

POLITICAL AND CREDIT RISK INSURANCE

Accountant 26-32 required for new insurance company in the City. Suit newly qualified A.C.A. seeking experience in stimulating international environment. Salary and benefits negotiable c. £16,000 p.a.

C.V. to:
M. D. Hudson
PanFinancial Insurance Company Ltd.
International House
World Trade Centre
London E1 9UN

Tax Manager

Home Counties — **From £25,000 + Benefits**

We are acting for a large and long-established financial institution, a major force in the Life Assurance and Pensions sector. Recent growth has been rapid, and the organisation is well placed to embark upon a programme of further expansion and development.

A reorganisation and strengthening of the financial functions has created an outstanding career opportunity for a Taxation Specialist. The appointee will join a small team of professionals responsible for the tax affairs of the organisation, with every prospect of assuming control of the department.

Candidates should ideally be graduate chartered accountants aged 30-40 with a strong track record of controlling a small team of tax specialists either within a financial institution or in a professional firm. Career prospects are excellent and personal qualities of a high order are essential.

Please write in confidence with brief career details quoting reference N3301/3/L to J. W. Hills, Executive Selection Division, Peat Marwick Mitchell & Co., 165 Queen Victoria Street, Blackfriars, London EC4V 3PD.

PEAT MARWICK

Financial Director

Building Services

Middlesex

c £25,000 + Car

The company is a highly successful specialised sub-contractor to the construction industry. In five years under the current ownership, turnover has quadrupled to around £4m with proportionate increases in profits. The key to this performance is the cohesion of the management team and the endeavour of its highly skilled workforce of 150.

The appointment of a Financial Director will complete a small senior management team charged with continued operational success. The owners will then concentrate on long-term strategies. In addition to the financial input on all major issues the Director will manage a small finance department and develop computerised accounting systems.

Probably aged 35-45 and a qualified accountant, ideal candidates will have experience of the construction industry and contracting services. However, man-management ability, a pragmatic, highly "commercial" approach and a desire to drive your company to further achievement are of greater value.

Please reply in confidence, giving concise career and personal details to Martin Lawless, Executive Selection, quoting Ref. ER772/FT.
Arthur Young Management Consultants, Rolls House, 7 Rolls Buildings, Fetter Lane, London EC4A 1NH.

Arthur Young Executive Selection
A MEMBER OF ARTHUR YOUNG INTERNATIONAL

PLANNING ACCOUNTANT

New opportunity with a major group.

North London — **£15,500 + Banking Benefits**

Our client, is a successful financial services subsidiary of a leading UK banking group.

Due to rapid growth and internal reorganisation a need has arisen for an ambitious accountant to work within this high profile role, interfacing with all the operations of the business. Integral duties will include budgeting, forecasting and project work such as expansion into new products and joint ventures.

Applicants should be qualified accountants (ACA/ACCA) aged 25 – 30 years who believe they have the ability and potential to meet this challenging opportunity.

Interested applicants should either ring, or write enclosing career details to, Judith Richardson or Caroline Benton at our London office, quoting reference number 5192.

410 Strand, London WC2R 0NS. Tel: 01-836 9501
26 West Nile Street, Glasgow G1 2PF. Tel: 041-226 3101
113/115 George Street, Edinburgh EH2 4JN. Tel: 031-225 7744
Brook House, 77 Fountain Street
Manchester M2 2EE. Tel: 061-236 1553

DOUGLAS LLAMBIAS
Douglas Llambias Associates Limited
Accountancy & Management Recruitment Consultants

Assistant Financial Controller

Thomson North Sea Limited

West End — **to £18,000 + car**

Thomson North Sea Limited is a London based British oil company and part of a well established and diverse organisation. The company has substantial interests in two highly successful producing fields and is currently involved in the development of the Balmoral oilfield. Several other discoveries are at an advanced stage of appraisal.

A qualified accountant, aged 27-30 is now required to become actively involved in the financial development of the company. Responsibilities will include government royalties, PRT and corporation tax, reforecasts, statutory/management reporting and ad hoc project assignments, using computer facilities where applicable.

As an integral member of a small but highly motivated team, you should have the potential to work under pressure to strict deadlines and contribute on a broad front to corporate decision making and profitability. It is unlikely that candidates will have less than 3 years post qualification experience, ideally gained in the oil industry. Prospects for promotion within this progressive group are only limited by personal performance.

Interested applicants should write to Hugh Everard, enclosing a comprehensive curriculum vitae, at 31 Southampton Row, London WC1B 5HY, quoting ref. L2028 (tel: 01-242 0965).

Michael Page Partnership
International Recruitment Consultants
London Bristol Birmingham Manchester Leeds Glasgow Brussels New York Sydney

Finance Director

Lancashire — **to £20,000 plus car**

This is a contributory, commercial management position within a profitable Plc operating in the electronics sector. Commitment will be demanded as this is a senior executive role embracing all financial and accounting activities. The immediate requirement is for a forward looking, commercially able qualified accountant between 35 and 45 with the necessary management ability to take increasing responsibility. Preferred candidates will have previous experience in distribution and a thorough appreciation of DP applications together with a positive personality that is results orientated. Relocation expenses will be reimbursed as necessary and additional benefits enhance the basic remuneration.

Applications are welcomed from men and women.

Please send full career and personal details to John Overton FCA, Overton Management Selection, Monaco House, Bristol Street, Birmingham B5 7AS or telephone 021-622 3838 for an application form quoting reference 9/1150/FT.

OVERTON MANAGEMENT SELECTION

FINANCIAL ANALYST AND PLANNER

Location: Hare Hatch, Near Reading
Salary: c £15,000

Fisher-Price Toys

Our Client is Fisher Price Toys, a division of Quaker Oats Limited. Their European headquarters are based at Hare Hatch, near Reading. They now wish to fill the important position of Financial Analyst and Planner. The position will report directly to the European Financial Manager and will have responsibility for a wide range of new financial services. Fisher Price Toys are looking for someone who either has a Business Studies degree or has qualified as an ACMA or ACCA, with a relevant Numerate degree. There will be considerable freedom and the opportunity to contribute significantly to the financial development of the company. You will be probably in your mid twenties and have between three and four years experience and be able at interview to identify clearly your thoughts on the application of financial planning to the development of the company.

Please contact John Goldsmith People Limited, 159a Gloucester Road, London SW7 4TH Tel 01-370 2012 (01-373 5428 - 24 hours).

JOHN GOLDSMITH PEOPLE
International Personnel Consultants

Internal consultancy

Oxford, negotiable c £15,000+car

The Pergamon Group, which includes The British Printing & Communication Corporation and the Mirror Group of newspapers, is seeking several high calibre accountants to strengthen its Internal Consultancy and Audit Department.

The successful candidates will be required to perform operational and financial reviews throughout the Group to ensure that adequate controls are maintained and resources are used efficiently and effectively. In addition, opportunities will arise for involvement in special projects which span the entire range of the Group's commercial activities.

The Group is expanding rapidly through internal growth and acquisitions, and offers excellent opportunities for the successful candidates to progress to senior financial positions at operating company or divisional level.

It is likely that the successful candidates will meet the following requirements:

- a qualified chartered accountant, aged 25-30, with at least two years post qualification experience
- experience of computerised systems
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Résumés including a daytime telephone number to Alan Pacey, Executive Selection Division, Ref. R860.

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Lloyds Bank has a vacancy for an Assistant Inspector in its London Computer Audit Section based in Cannon Street. Chartered Accountants in the age range 25/35, who have had computer audit experience, are required. Salary range from approx. £15,000 (plus L/A of £1,725) with usual fringe benefits. There are opportunities to progress within the organisation. For further details and an application form, please apply to:
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Applicants should be professionally qualified (ACA/ACCA), aged 27-35, and have previous experience of running an accountancy department and establishing effective levels of control. The ability to use initiative and to communicate at all levels is required.

Long term prospects with this profitable and expanding company are excellent, and the successful candidate can expect directorship within two years.

Please reply in confidence with a full cv to:
Mr. D. K. Harris, Stoy Hayward, 8 Baker Street, London, W1M 1DA.

Accountancy Appointments

International Appointments

EUROPEAN INDUSTRY

David Marsh examines how a leading French cosmetics group earns its glamour stock rating

L'Oréal grooms itself for further success

Francois Dalle: behind the extraordinary growth

FRANCOIS DALLE is bald bespectacled and has the benignly truculent air of a pantomime ogre. He has also for the last three decades supplied the brains and the willpower behind the extraordinary growth of an enterprise which is one of the world's leaders in making people beautiful.

L'Oréal, the French hair products and cosmetics group, is almost literally in a world of its own. From its red brick and glass headquarters amid the grey urban sprawl of Clichy on the north west outskirts of Paris, L'Oréal radiates gloss, glow and perfumed odours to an estimated 1 bn faces, bodies and heads of hair in over 100 countries.

The company has been purring its way through the recession with the haughty ease of one of its sleek, high cheekboned models. It is the world leader in hair treatment products and in addition to shampoos and anti-wrinkle creams its brands also include Ambre Solaire sun tan lotions, Lancome, Guy Laroche and Andre Courrege perfumes and—in the health field—anti-hypertension drugs and heart pacemakers.

With a cash flow of about 10 per cent of turnover making it one of the brightest stars on the Paris bourse (where it is among the top five stocks in terms of capitalisation), L'Oréal over the past few years has been chalking up profits increases with impressive regularity while its chief competitors, Avon and Revlon in the U.S., and Shiseido in Japan, have been passing through the doldrums.

L'Oréal may now be running into stronger competition than it has previously faced both in its mainline cosmetics business and in its new diversification area, pharmaceuticals—where expansion is now bringing it increasingly up against international drugs majors.

But as it takes on the challenges, the company appears likely to benefit from its close-knit management structure, and—for a French company—unusually active links between research and commercial efforts.

Certainly recently announced group net profits for last year up 10 per cent to FFr 730m ($76m) on a turnover up 17 per cent to FFr 15.8bn, represented a markedly slower growth compared with the 1983 earnings rise of 20.5 per cent. And this was despite a considerable increase in dollar-based royalties from its expanding U.S. agent, Cosmair. L'Oréal blamed the slowdown mainly on higher pharmaceuticals research spending, expansion abroad, and restructuring with some small-scale layoffs in the biomedical division.

Bourse analysts believe in more permanent challenges caused by some slackening of its sales through hairdressers (which accounts for about 15 per cent of mass-marketed cosmetics sales) and competition from cut-price retail outlets.

An additional psychological dampener has come from the recent announcement of larger than expected losses at the new French pay-TV chain, Canal-Plus, in which the company has a 10 per cent stake.

Overall, Dalle believes that L'Oreal's sales growth rate, in real terms, at around 6 to 7 per cent over the last few years, should be more or less maintained at 5 to 6 per cent in coming years—"barring unforeseen circumstances."

Dalle, who stepped down as executive board chairman at the end of last year after 27 years in the job but remains in charge of long-term planning at the head of the six-man strategic committee, maintains that "people say stupid things about the role of a company that makes cosmetics. How can you say it's not important that people wash properly, that they have well-styled hair, that a woman looks beautiful?"

Eugene Schueller, the L'Oreal founder took him on in 1942. Dalle preaches the merits of hard work, discipline and, above all, flexibility. These are industrial watchwords which have become unexpectedly fashionable under the Socialist government and Dalle preaches them to anyone who will listen, from President Mitterand downwards.

The company last year spent about FFr 400m, up 16 per cent from 1983, on cosmetics and dermatological research (or about 3.2 per cent of turnove), split into three divisions of fundamental and applied research and technological development.

Expenditure on the pharmaceuticals side totalled about FFr 450m (a rise of 21 per cent)—making up 20 per cent of turnover in its key health products division, where L'Oreal believes it has a potentialy strong position in work on the nervous system and in the cardiovascular field.

For L'Oreal's shareholders, which include the Swiss-based Nestle food group with an indirect 28 per cent stake, as well as for its 26,000 generally well-paid employees, cleanliness is certainly next to a healthy financial return.

Charles Zviak, 63, a long-time Dalle lieutenant, who took over at the end of last year as chairman (only the third in L'Oréal's history since Schueller founded the company in 1908), shares the view that L'Oréal has now acquired the momentum of a roller-coaster.

One of the rare scientists at the helm of French companies (others are Bernard Maitenaz at optical glass maker Essilor and Edouard Sakiz, chairman of pharmaceuticals group Roussel Uclaf), Zviak admits he shared the popular prejudice when he and other graduate chemical engineers were approached by Schueller to join L'Oréal's Monsavon soap company in 1945. "We were thinking in terms of atomic energy or the oil industry. We were hardly enthusiastic when they talked to us about soap bars."

Zviak now says: "I really don't see any limits to our expansion. Our new product launches for the next five years are more or less spelled out now."

With about 60 per cent of turnover outside France (through exports and direct sales from its 40 foreign production facilities) L'Oreal has broken its direct dependence on the domestic market. The international side of the pharmaceuticals business is still however fairly weak.

In addition to the FFr 15.8bn group turnover, L'Oréal's foreign agents in the U.S Canada and other countries—in which it has only minor financial stakes but exerts management control—generated FFr 8bn of sales in 1984.

The most important is Cosmair, L'Oréal's agent in the U.S., with sales last year of $600m. Cosmair has profited significantly from the overall U.S. upturn. It added to L'Oréal's international spread—at no financial cost to its parent—when it bought Warner Cosmetics a year ago for $146m. Other recent foreign moves include the 1982 takeover of Helena Rubenstein's Latin American and Japanese cosmetics interests and a joint venture with the American Searle drugs group in pharmaceuticals in the U.S., Netherlands and the UK.

A key figure behind the L'Oréal scene is Liliane Bettencourt, Schueller's daughter. Mme Bettencourt, who regularly finds her way into the news papers as one of the richest people in France, owns 51 per cent of the Gesperal holding company (Nestle owns the balance under a 1974 deal), which in turn owns 58.3 per cent of L'Oréal's equity. She also owns 35 per cent of Cosmair (Nestle owns 49 per cent), and additionally has a 5 per cent holding in Nestle.

Sporadic speculation surrounds the possibility that Nestle could bid for majority control of L'Oréal in the event of Liliane Bettencourt's death.

Charles Zviak: the third chairman

Links between the two companies are at present mainly limited to some research and commercial ties—where Nestlé has helped L'Oréal set up in parts of the Third World for instance.

Dalle, who now has more time to think about the long term, comments: "In 15 to 20 years' time, there could well be even closer ties between L'Oréal and Nestle. It would be an ideal combination—cosmetics to feed the skin, pharmaceuticals for the brain, and food for the body."

Company Notices

eric

Energy Recovery Investment Corporation S.A.

SOCIETE ANONYME
R.C. LUX NO. 19717

Notice is hereby given that an

Extraordinary General Meeting

of the shareholders of the Company will be held at the registered office at 20 Boulevard Emmanuel Servais, Luxembourg at 11.45 a.m. on Wednesday, 24th April, 1985.

Agenda

1. To approve the holding of the second Annual General Meeting of the Company immediately following the Extraordinary General Meeting, notwithstanding the provisions of the Articles of Association of the Company.
2. To approve the terms of issue, pursuant to the authority to issue shares of the Company otherwise than for cash already vested in the directors of the Company by resolution of the Shareholders in general meeting passed on 22nd June, 1984 ("the authorising resolution"), of shares of the Company in consideration for the acquisition of shares of Goal Petroleum PLC on the basis described in a letter ("the Chairman's Letter") to the Shareholders from the Chairman of the Company dated 4th April, 1985.
3. To give the directors of the Company, for a period of eighteen months from the passing of this resolution, specific authority pursuant to the authority contained in the authorising resolution to issue shares of the Company otherwise than for cash up to the total number of shares covered by the said resolution, provided that in respect of each transaction coming within this authority, the auditors of the Company certify that in their view the value of the consideration received by the Company for each share to be issued is not less than US $2.50.
4. To approve certain amendments to the terms of the options to acquire shares of the company granted pursuant to an Option Agreement dated 17th November, 1982 as described in the Chairman's Letter.

The quorum for the above Extraordinary General Meeting shall be shareholders representing at least one half of the issued share capital present in person or represented by proxy. Resolutions may be passed by the affirmative vote of two thirds of the votes cast. Each share is entitled to one vote.

eric

Energy Recovery Investment Corporation S.A.

SOCIETE ANONYME
R.C. LUX NO. 19717

Notice is hereby given that the second

Annual General Meeting

of the shareholders of the Company will be held at the registered office at 20 Boulevard Emmanuel Servais, Luxembourg at 12 noon on Wednesday, 24th April, 1985.

Agenda

1. Approval of the reports of the Board of Directors and of the Statutory Auditors.
2. Approval of the balance sheet and profit and loss account for the year ended 31st December, 1984.
3. Discharge of the directors and the Statutory Auditors for the proper performance of their duties during the year ended 31st December, 1984.
4. Re-election of Mr. H. R. Tainsh, who is retiring as a director in accordance with the Articles of Association of the Company.
5. Re-election of the Statutory Auditors.
6. Allocation of the net result.
7. Approval of the write-off of incorporation expenses against share premium arising on incorporation, together with new issue expenses.
8. Miscellaneous.

Resolutions of the shareholders at the Annual General Meeting may be passed by a simple majority of those shareholders voting and present in person or represented by proxy and each share is entitled to one vote.

GENERAL MINING UNION CORPORATION LIMITED

(Incorporated in the Republic of South Africa)

PAYMENT OF COUPON NO. 123

(Dividend No. 118)

Holders of share warrants to bearer will receive payment on or after 18 April 1985 at the rate of 56.76755p the amount declared per share less 8.51513p being South African Non-Resident Shareholders' Tax of 15% against surrender of Coupon No. 123.

Coupons must be deposited FOUR CLEAR DAYS for inspection before payment will be made:

In London: At the London Secretaries office of the Corporation, 30 Ely Place, London, EC1N 6UA
In Paris: At Credit du Nord
In Switzerland: At Credit Suisse, Zurich, Union Bank of Switzerland, Zurich, Swiss Bank Corporation, Basle, or at any of their branches.

Coupons belonging to holders resident in Great Britain and Northern Ireland will be paid as follows:

	Pence
Amount of dividend after deduction of South African Non-Resident Shareholders' Tax of 15%	48.25242
Less: United Kingdom Income Tax of 15% on the gross amount of the dividend of 56.76755p	8.51513
	39.73729

Listing forms can be obtained on application to the London Secretaries.

per pro. GENCOR (U.K.) LIMITED
London Secretaries
L. J. Baines

30 Ely Place
London EC1N 6UA

3 April 1985

NOTE — Under the double tax agreement between the United Kingdom and the Republic of South Africa, the South African Non-Resident Shareholders' Tax applicable to the dividend is allowable as a credit against the United Kingdom tax payable in respect of the dividend. The deduction of tax at the reduced rate of 15 per cent instead of at the basic rate of 30 per cent represents an allowance of credit at the rate of 15 per cent. The gross amount of the dividend received to be entered by the individual shareholder on any return for income tax purposes is 56.76755p multiplied by the number of shares held.

Redemption Notice

Hamersley Iron Finance N.V.

9% Guaranteed Debentures Due 1986

Unconditionally Guaranteed as to Principal and Interest by

HAMERSLEY HOLDINGS LIMITED

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Indenture dated as of May 1, 1971 under which the above-described Debentures are issued, Citibank, N.A. (formerly First National City Bank), as Trustee, has selected for redemption on May 1, 1985, (the "Redemption Date") at the principal amount thereof (the "Redemption Price"), through the operation of the Sinking Fund provided for in the said Indenture, $1,403,000 principal amount of Debentures of the said issue of the following distinctive numbers:

COUPON DEBENTURES OF $1,000 PRINCIPAL AMOUNT

M249	2559	4560	6330	7548	8573	9446	10437	11197	11831	13389	15018	17954	18596	19126	19606
647	2561	4561	6331	7551	8574	9448	10443	11202	11833	13391	15019	17957	18597	19128	[illegible]
738	2562	4563	6333	7552	8575	9464	10513	11215	11844	13394	15021	17961	18604	19131	[illegible]
751	2570	4565	6342	7558	8593	9467	10514	11218	11849	13395	15034	17963	18605	19133	[illegible]
781	2575	4868	6344	7565	8599	9468	10516	11222	11890	13397	15037	17984	18610	19135	[illegible]
789	2579	5096	6367	7584	8602	9470	10518	11235	11904	13404	15044	17988	18614	19138	[illegible]
797	2582	5141	6390	7592	8606	9491	10519	11237	11937	13417	15045	17996	18626	19142	[illegible]
798	2586	5145	6400	7593	8608	9497	10528	11242	11942	13420	15060	17997	18628	19158	[illegible]
800	2587	5146	6418	7598	8609	9504	10529	11246	11943	13427	15067	18010	18629	19165	[illegible]
802	2588	5147	6423	7600	8610	9508	10534	11256	11944	13442	15076	18128	18634	19169	[illegible]
804	2590	5151	6430	7692	8616	9515	10536	11257	11963	13445	15079	18135	18635	19175	[illegible]
813	2591	5333	6461	7693	8618	9518	10538	11258	11964	13456	15083	18139	18648	19176	[illegible]
818	2592	5335	6462	7694	8620	9520	10543	11267	11965	13468	15090	18147	18649	19184	[illegible]
819	2594	5338	6493	7696	8621	9521	10554	11273	11966	13495	15095	18149	18677	19189	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	2435	4031	6259	7445	8296	9374	10330	11035	11627	13153	14691	17745	18487	19035	19524
[illegible]	2440	4033	6261	7447	8298	9375	10337	11038	11628	13156	14692	17747	18488	19037	19526
[illegible]	2448	4034	6269	7460	8301	9383	10346	11040	11659	13162	14715	17748	18500	19048	19532
[illegible]	2458	4187	6270	7462	8303	9384	10348	11045	11660	13172	14716	17770	18502	19052	19537
[illegible]	2504	4206	6273	7467	8306	9389	10371	11050	11662	13176	14718	17877	18518	19060	19548
[illegible]	2505	4212	6277	7472	8315	9402	10372	11056	11664	13179	14719	17888	18543	19072	19550
[illegible]	2506	4249	6278	7482	8321	9413	10389	11067	11666	13195	14952	17897	18550	19076	19571
[illegible]	2507	4257	6281	7491	8325	9415	10390	11071	11668	13196	14956	17912	18554	19091	19573
[illegible]	2508	4259	6286	7494	8549	9416	10394	11078	11681	13200	14958	17913	18559	19103	19576
[illegible]	2514	4261	6294	7510	8554	9417	10397	11123	11706	13259	14979	17914	18560	19105	19577
[illegible]	2515	4289	6297	7511	8555	9428	10400	11131	11708	13288	14981	17915	18568	19107	19579
[illegible]	2525	4295	6305	7512	8563	9430	10401	11135	11817	13289	14997	17919	18570	19112	19585
[illegible]	2547	4297	6308	7535	8564	9431	10402	11136	11819	13293	15002	17930	18576	19114	19588
[illegible]	2548	4305	6316	7543	8567	9436	10408	11152	11821	13295	15006	17931	18578	19119	19593
[illegible]	2550	4316	6317	7544	8568	9437	10417	11191	11824	13307	15013	17936	18591	19123	19597
[illegible]	2556	4318	6321	7545	8570	9445	10419	11198	11827	13308	15016	17945	18592	19125	19603

The Debentures specified above are to be redeemed for the said Sinking Fund at the option of the holder (a) at the **Receive and Deliver Windows of Citibank, N.A.**, Trustee under the Indenture referred to above, **111 Wall Street—5th floor, New York, New York 10043** or (b) subject to any laws or regulations applicable thereto, at the main offices of Citibank, N.A. in **Amsterdam, Brussels, Frankfurt (Main), Geneva, London (Citibank House)**, and **Paris** and the main office of **Banque Générale du Luxembourg S.A.** in Luxembourg, the Company's Paying Agents. Payment at the offices referred to in (b) above will be made by check drawn on, or transfer to a dollar account maintained by the Holder with a bank in The City of New York. On the Redemption Date such Debentures shall become due and payable at the Redemption Price and on and after such date, interest on the said Debentures will cease to accrue and the coupons for such interest shall be void.

The Debentures specified above should be presented and surrendered at the offices set forth in the preceeding paragraph on the said date together with all interest coupons maturing subsequent to the Redemption Date. Coupons due May 1, 1985 should be detached and presented for payment in the usual manner.

For HAMERSLEY IRON FINANCE N.V.
By CITIBANK, N.A.
Trustee

March 29, 1985

NOTICE

The following Debentures previously called for redemption through the operation of the Sinking Fund have not as yet been presented for payment.

DEBENTURES CALLED MAY 1, 1983

251 939 2700

DEBENTURES CALLED MAY 1, 1984

170	782	838	925	1738	1814	1856	2382	2449	2532	2649	2673	2706	3084
250	787	844	932	1739	1816	1870	2388	2451	2536	2650	2674	2851	3085
739	791	854	936	1741	1819	1882	2428	2452	2537	2655	2681	3061	3098
740	796	855	943	1752	1821	2335	2430	2457	2540	2657	2682	3063	3141
741	798	856	944	1757	1828	2339	2431	2487	2552	2658	2684	3064	3369
743	803	861	948	1777	1830	2340	2432	2488	2553	2667	2690	3065	
744	805	882	951	1789	1838	2341	2433	2490	2555	2668	2695	3075	
768	816	883	1733	1790	1841	2369	2434	2502	2576	2669	2696	3076	
771	825	894	1735	1812	1855	2370	2447	2503	2577	2670	2701	3082	

Withholding of 20% of gross redemption proceeds of any payment made within the United States is required by the Interest and Dividend Compliance Act of 1983 unless the Paying Agent has the correct tax identification number (social security or employer identification number) or exemption certificate of the payee. Please furnish a properly completed Form W-9 or exemption certificate or equivalent when presenting your securities.

Lawson links low pay deals with tax cuts

BY MAX WILKINSON

THE GOVERNMENT would be prepared to respond to lower wage settlements by cutting taxes Mr Nigel Lawson, the Chancellor of the Exchequer, said yesterday. But he was careful to add this would not be a result of a deal with the unions. It would flow from the Government's financial strategy and a pledge to keep the growth of demand in money terms on its planned track.

The Chancellor also gave a strong hint to a committee of MPs that he would abandon the previous practice of forecasting the scope for tax cuts in the budget, the previous autumn, at the time of his spending statement.

This change of heart clearly a result of the Treasury's embarrassment in January when sterling plunged to record lows. The financial markets appeared to have believed that tax cutting plans and lax public expenditure control was leading to a slackening of monetary discipline.

In his appearance before the all party Treasury and civil service committee the Chancellor said he was now coming to the view that it did "more harm than good" to forecast the future scope for tax cuts or "fiscal adjustment" in the autumn. People had failed to pay attention to his "health warnings" about the uncertainty of these predictions so that they assumed that tax cuts were in the pipeline although they could not in the event be delivered.

However, the Chancellor did explicitly link the prospects for more cuts in taxation with the level of pay settlements. Although there would be no deal, he pledged that the Government would ensure that national output in money terms (money gross domestic product) would continue to rise at the rate envisaged in the Government's financial strategy even if pay was lower than expected.

He said: "We are no more interested in inadequate money demand than in excessive money demand in the economy."

This statement seemed to confirm a general shift in emphasis of Government financial policy from concentrating on measures of the money supply to a broader effort to influence the rate of growth of money GDP with a close eye on the exchange rate.

The Chancellor said that 'a consequence of the Government's pledge to maintain the growth of money demand, was that lower pay settlements would lead to:

- Reduced demand for money and lower interest rates;
- Higher company profits and therefore higher investment;
- More people at work, producing the same output, in money terms as would have been the case otherwise.

The link between lower pay and tax cuts was implied theoretically, in a recent Treasury paper on jobs and pay.

Aircraft hand baggage rules to be tightened

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE UK Civil Aviation Authority is to tighten the rules governing the amount of hand baggage that passengers may carry in aircraft cabins.

From April 26, subject to parliamentary approval, only personal items which can be properly stowed in the overhead lockers or other approved stowage areas will be permitted in cabins. These include handbags, cameras and small briefcases.

Larger items of personal baggage which cannot be properly stowed in the approved bins in the cabins will be put in the aircraft's baggage holds.

The move is prompted by the increasing quantities of large items of baggage being taken into cabins.

The recommendations of the International Air Transport Association require that all items of hand baggage must be sufficiently small to be stowed away safely.

Bank of England quarterly bulletin

Economic outlook seen as optimistic

THE BANK of England has become more optimistic about the immediate prospects for the British economy. However, it remains concerned about the rapid rise in lending to the company sector and the possibility of acceleration in wage inflation, Max Wilkinson writes.

In its quarterly bulletin for March, it says recent information about the economy "suggests a rather stronger performance than appeared to be the case from statistics available a few months ago," with activity gaining momentum since last summer.

It points a rise in stocks, increases in manufacturing investment and a generally improved picture for foreign trade, although it does not think that Britain will start to regain its share of expanding world trade.

It says the manufacturing sector – which like the services sector was little affected by the miners' strike – appears to have maintained a faster rate of growth than was believed earlier. This in turn has made the picture for productivity and wage costs per unit of output better. At the same time company profit margins have widened even though the depreciation of sterling has increased on costs.

The Bank says that by the second quarter of this year the economy will have completed its fourth year of recovery. In this period half the growth in output came from service industries with a further fifth contributed by North Sea oil.

With world trade last year almost 9 per cent higher than in 1983, exports benefited, though the markets served by Britain are thought to have grown less strongly – perhaps by about 6 per cent in volume.

For the world as a whole, the Bank believes a fairly steady rate of growth could be maintained both this year and next with expansion in the U.S. and Europe closer together than in recent years. U.S. output, it believes, will grow by between 3 per cent and 4 per cent this year, slowing slightly in 1986. In Europe, output is expected to rise by about 2¼ per cent on average this year and next.

It says inflation in the seven main industrial countries has come down faster than expected partly because of weakening world commodity prices. Wage growth was generally moderate, with average earnings in manufacturing in the seven largest countries up by 7½ per cent in the year to mid-1984.

For these countries as a whole, labour costs per unit of output hardly increased in the first two years of recovery, which the Bank says is in marked contrast to what happened in previous cycles.

The main worry it identifies for the UK is an acceleration of inflation caused by rising import prices – resulting from lower sterling – reinforced by increased wage costs.

This concern is related to a slowing of productivity growth which is estimated to have been rising at an underlying rate of about 2 per cent last year. Wage costs per unit of output in the UK, it says, rose at an underlying rate of about 5 per cent in the 12 months to the third quarter of 1984, a somewhat faster rate than in the previous year.

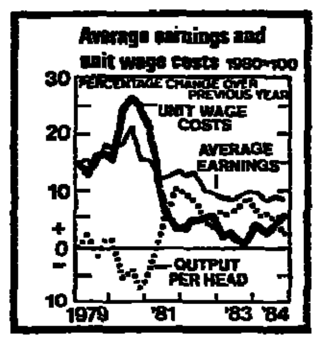
It also believes the growth of manufacturing productivity has slowed sharply from the 9 per cent rise recorded between the fourth quarters of 1982 and 1983 to perhaps only 2½ per cent in the year to the fourth quarter of 1984. Nevertheless, average earnings in manufacturing industry continued to rise at a rate of about 8½ per cent.

At the same time, manufacturers have been faced with steeply rising costs of imported materials and semi-finished goods mainly as a result of sterling's depreciation – a 14 per cent fall in the year to the fourth quarter of 1984 against the Special Drawing Rights. The Bank estimated the sterling cost of imports bought by manufacturers rose by about 12 per cent over the year.

However, these increases in manufacturers' costs were offset to some extent by the rise of export prices in sterling terms.

The pound's depreciation allowed manufacturers to increase their sterling prices by about 9 per cent in the year to the fourth quarter of 1984, while still improving their competitive position slightly in terms of foreign currencies, the Bank says.

In the domestic market, UK producers raised their prices less rapidly. While the price of imports



went up by about 11 per cent, UK goods gained some competitive advantage with rises averaging only 6 per cent.

The Bank clearly remains concerned and somewhat puzzled by the fast rise of corporate borrowing at a time when company profits have continued to rise. The real pre-tax rate of return of non-North Sea oil companies reached 7½ per cent in 1984, which was even higher than in 1978.

In spite of this, and in sharp contrast to 1983, companies in 1984 were net takers of funds from the banking system with a rise of about £6bn in borrowings, and little change in deposits. In 1983, companies had been substantial net lenders to the banking system with deposits increasing by £5¼bn against of £1½bn in borrowing.

Last year the largest increases in borrowing were by companies in the property, hire business and other services categories and the construction industry, but lending to manufacturing industry also grew quite rapidly.

The Bank says it is difficult to be sure why this rise in lending took place, but it gives four possible explanations:

- Company profits may have been somewhat less than the figures suggest;
- Companies may have had very diverse experience with, for example, smaller companies growing faster and needing to borrow more;
- The flotation of British Telecom last autumn may have prevented companies from issuing new equity and therefore led to increased borrowing;
- The accelerated payment of value added tax on imports which took effect last autumn was accompanied by a rise in imports and stocks, which may have led to a rise in bank borrowing.

Although the recent rapid rise in borrowing has clearly put some pressure on monetary policy the Bank is careful to reassure the markets in this bulletin that monetary policy remains broadly on target.

This follows the rather tough measures in the Budget and the announcement of a £7bn public sector borrowing requirement for 1985-86 which the Bank says can be achieved without either "implausible restraint on public expenditure or increased reliance on asset sales."

International bank lending shows modest recovery

A MODEST recovery in international bank lending and a further shift away from traditional loans to marketable securities were the main features of the international banking market last year, writes David Lascelles.

The Bank of England's annual review of developments on the international financial scene says that there was "solid progress" with the world debt problem. Many debtor countries succeeded in improving their external positions and a start was made on rescheduling their debts on a multi-year basis.

Against this background international lending picked up, with final users taking 9½ per cent more loans compared with 6½ per cent in 1983. Much of the growth in spontaneous lending – as opposed to lending forced on the banks by rescheduling LDC debt – was to developed countries and oil exporters, however.

Total spontaneous borrowing on the international capital markets in the form of loans and securities was $147bn, 30 per cent more than in 1983, but still 10 per cent below the peak of 1982. Reschedulings and forced loans totalled an additional $46bn.

The shift towards marketable paper as a form of financing was most marked in the growth of note issuance facilities (NIFs) which trebled in $9bn. They still account only for a small proportion of total capital market issues, however, and few have actually been drawn on. Floating rates notes (FRNs) another growth market, more than doubled to $34bn, and fixed rate bonds rose by 20 per cent to $69bn.

Traditional syndicated credits, on the other hand, fell by a quarter to $28bn.

This shift is being caused partly by the growth in demand for capital from corporations in developed countries, and partly by a change in the source of funds, mainly the increase in the role of Japan as a capital exporter, and a decline in the flow of funds from the OPEC countries which traditionally favoured bank deposits.

The improvement in terms on the Euromarkets also encouraged many borrowers to repay loans early, or refinance them with NIFs and FRNs.

The vulnerability of the banking system – underlined by the crisis at Continental Illinois; the high level of bank failures in the U.S. (79, the most since 1938), and the near-collapse of Johnson Matthey Bankers – caused banks to strengthen their financial position.

World Bank capital increase unlikely

THE ROLE of the World Bank and the possibility of an increase in its capital to expand the scale of its operations have become topical subjects. But a change in the financial structure of the institution seems unlikely in the foreseeable future.

An article in the Bank of England's bulletin notes that the World Bank had only used 63 per cent of its lending capacity at the end of last year: $38.1bn against a possible $60.8bn.

The Bank is also constrained by its articles which impose a one-to-one gearing ratio – it may only lend the equivalent of its capital and reserves whereas commercial institutions lend 15 to 20 times their capital base. But the bulletin says that an increase in the ratio might be construed as a weakening of support by its government shareholders and a breach of faith with those who buy its bonds.

A higher gearing might, therefore, make it more difficult for the World Bank to raise funds in the capital markets, or at least increase the cost of those funds.

Rumasa chief fails to halt lawsuits

By Raymond Hughes, Law Courts Correspondent

SR JOSE Ruiz-Mateos, founder and former head of the Spanish Rumasa group, has failed to bar legal actions brought against him in England after the expropriation of the group by the Spanish Government in February, 1983.

By a 2-1 majority, the Court of Appeal yesterday endorsed a High Court decision in December that Sr Ruiz-Mateos was not legally entitled to argue that the English actions were an indirect attempt by the Spanish Government to enforce penal expropriatory laws which ought not to be recognised or enforced in England.

Sr Ruiz-Mateos was given leave to challenge the ruling in the House of Lords.

In the first action, the new state management of Rumasa and two of the group's banks are claiming ownership of Multinvest (UK), an English company alleged to have been set up either as an undisclosed subsidiary of Rumasa or by Sr Ruiz-Mateos for his own benefit.

In the second, Williams and Humbert, a Rumasa English subsidiary, challenges the validity of an arrangement under which the British trademarks for Dry Sack sherry were transferred from it to a Channel Island company, W&H Trade Marks (Jersey), controlled by Sr Ruiz-Mateos and his four brothers and sister.

Lord Justice Fox said yesterday that Sr Ruiz-Mateos argued that the trademarks action was an attempt to enforce the expropriation decree laws indirectly in respect of property in England – the trademarks.

But, the judge said, Williams and Humbert's action did not derive from the decrees. It was an English company suing under English law to recover English property alleged to have been improperly taken from it. Its claim made no reference to the decrees.

The judge said that the purpose of the decrees had been to obtain control of Rumasa, and with it Williams and Humbert. That had been achieved and as far as the decrees were concerned there was nothing left to enforce.

There was no justification for treating Williams and Humbert as if it were part of the Spanish state.

THE ARTS

Arts Week

F	S	Su	M	Tu	W	Th
5	6	7	8	9	10	11

Theatre

NEW YORK

Cats (Winter Garden): Still a sellout, Trevor Nunn's production of T. S. Eliot's children's poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather staid and overblown idea of theatricality. (239 6262).

42nd Street (Majestic): An immodest celebration of the heyday of Broadway in the '30s incorporates gems from the original film like Shuffle Off To Buffalo with the appropriately brash and leggy hoofing by a large chorus line. (977 9020).

Torch Song Trilogy (Helen Hayes): Harvey Fierstein's ebullient and touching story of a drag queen from backstage to loneliness incorporates all the wild histrionics in between, down to the confrontation with his doting Jewish mother. (944 9450).

Dreamgirls (Imperial): Michael Bennett's latest musical has now become a stalwart Broadway presence despite the forced effort to recreate the career of a 1960s female pop group, à la Supremes, without the quality of their music. (239 6200).

Brighton Beach Memoirs (Neil Simon): If he wasn't sure before, playwright Neil Simon can expect a long run of his funny as well as touching childhood reminiscences now that the Nederlander organisation has generously decided to name the theatre after the generation's outstanding box office draw. (757 8646).

A Chorus Line (Shubert): The longest-running musical ever in America has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions. (239 6200).

The Real Thing (Plymouth): After 14 months in London, Tom Stoppard's latest giggle at the English intelligentsia, with a new-found attention to the heart that beats beneath the veneer, directed at a fast clip by Mike Nichols. (239 6200).

WASHINGTON

Much Ado About Nothing (Folger): A recent reprieve on plans to close the theatre only coincidentally reflects the exuberance of this production, with its 1930s shipboard setting and interjection of such songs of the period as Night and Day. (546 4000).

Henry IV, Part I (Eisenhower): The first production of Peter Sellars' tenure as director of the American National Theatre Company is bound to be interesting, if not controversial. (254 3670).

TOKYO

Love Call (The Japanese version of Bells are Ringing), a musical comedy set in New York starring Akiri Fuse and Ran Ootori, Japan's most professional musical star. Geijutsuza, Yurakucho (591 7633).

Chorus Line: The Japanese version by the Shiki company, best-known for Cats, Japan's longest-running production (one year) and a sell-out. Nissei Gekijo, near Imperial Hotel. (320 4000).

LONDON

Noises Off (Savoy): The funniest play for years in London, now with an improved third act. Michael Blakemore's brilliant direction of backstage shenanigans on tour with a third-rate farce is a key factor. (836 8888).

Starlight Express (Apollo Victoria): Andrew Lloyd Webber's rollerskating folly has 10 minutes of Spielberg movie magic, an exciting first half and a dwindling reliance on indiscriminate rushing around. Disneyland, Star Wars and Cats are all influences. Pastiche score nods towards rock, country and hot gospel. No child is known to have asked for his money back. (834 6184).

On Your Toes (Palace): Rodgers and Hart's 1936 musical is a genuine tonic. American jazz dance collides with the Ballets Russes. Gems include There's a Small Hotel, Glad to be Unhappy and the Balanchine ballet for Slaughter on Tenth Avenue. (437 6834).

42nd Street (Drury Lane): No British equivalent has been found for New York's Jerry Orbach, but David Merrick's tap-dancing extravaganza has been rapturously received. American Clare Leach is a real find as Peggy Sawyer, and Margaret Courtenay has a field day (836 8108).

Me and My Girl (Adelphi): Sleek, efficient and enjoyable revival of Britain's biggest war-time musical hit with Robert Lindsay in the Lupino Lane role emerging as the best new musical star since Michael Crawford. (836 7611).

Other Places (Duchess): Colin Blakely and Dorothy Tutin in a reassembled trilogy of Pinter plays: A Kind of Alaska in which a victim of sleeping sickness awakes after 29 years; Victoria Station, a funny throw-back to Pinter's early revue sketches; and last year's One for the Road, a chilling piece of intimidatory police state confrontation with first Pinteresque intimations of political despair. (836 8243).

The Mysteries (Cottesloe): Best if possible to see all three (The Nativity, The Passion and Doomsday) on one of the last remaining Saturdays (March 30, April 6, 13, 20). Thrilling contemporary reappraisal of the York and Wakefield cycles in Tony Harrison's muscular version and the acting of Bill Bryden's tough, endearing and resourceful NT company. (928 2252).

NETHERLANDS

Amsterdam, The American Repertory Theatre (Kerkstraat 4). Piaf by Pam Gems, directed by Raphael Brandow. (All week except Mon and Tue). (259 495).

Amsterdam, Carre Theatre. The Mummenschanz group from Switzerland in a programme of masked mime combining humour and fantasy. (Tue and Wed). (225 225).

Music

ITALY

Parma: Teatro Regio: The baritone Leo Nucci accompanied by Paolo Marcarini. Pergolesi, Paisello, Rossini and Donizetti (Wed). (22 003).

Rome: Auditorium of via Della Conciliazione: Royal Philharmonic Orchestra conducted by Vladimir Ashkenazy. Brahms, Beethoven, Tchaikovsky (Thur). (654 1044).

Rome: Oratorio Delgonfalone: Vicolo Della Scimia 1/b via Giulia: Giovanni di Stefano conducting the Gonfalone Chamber Orchestra. Bach, Handel and Scarlatti. (Thur). (655 952).

VIENNA

Vienna Symphony Orchestra conducted by Leopold Hager. Mozart, Beethoven, Brahms, Dvorak, Smetana, Johann and Josef Strauss. Musikverein (Mon). (658 190).

PARIS

Orchestre National de France conducted by Kurt Sanderling, Stephen Bishop-Kovacevich, piano: Brahms, Tchaikovsky (Wed, Thur). Théâtre des Champs Elysées (723 4777).

Daniel Barenboim, piano: Beethoven Sonatas (Thur). Salle Pleyel (561 0630).

LONDON

Royal Philharmonic Society: BBC Symphony Orchestra conducted by Sir Charles Groves with Anne-Sophie Mutter, violin. McCabe, Sibelius and Shostakovich. Royal Festival Hall (Wed). (928 3191).

English Chamber Orchestra and Tallis Chamber Choir conducted by Yehudi Menuhin, violin. Bach. Barbican Hall (Wed). (638 8891).

London Symphony Orchestra conducted by Claudio Abbado. Webern, Boulez and Mahler. Royal Festival Hall (Thur).

London Concert Orchestra and Band of the Welsh Guards conducted by Harry Rabinowitz. Tchaikovsky. Barbican Hall (Thur).

NETHERLANDS

Rotterdam, De Doelen. Lunchtime concert by the Rotterdam Philharmonic under Alexander Rahbari, with Theo Bruins, piano. Wagner, Stravinsky. (Wed); The Rotterdam Philharmonic conducted by Alexander Rahbari, with Theo Bruins, piano, Michel Roche, cello, Aharon Ephrat, viola. Wagner, Stravinsky, Strauss. (Thur). (142 911).

Utrecht, Muziekcentrum Vredenburg. An evening with Janos Starker, cellist (Wed). (314 544).

Breda, Sacramentus Church (Zandberglaan 58). The Jesus College Cambridge Choir. Sheppard, Byrd, Taverner, Gibbons, Tallis, Purcell. (Wed). (139 046).

Eindhoven, Globe Theatre. Paris Around 1200. Studio Laren with a programme of early polyphonic works by Leoninus, Perotinus and others (Tue). (111 22).

NEW YORK

New York Philharmonic (Avery Fisher): conductor Zubin Mehta: All Mahler programme (Tue), conductor Klaus Tennstedt; pianist, Ivo Pogorelich; Blacher, Prokofiev, Schumann (Thur). Lincoln Center (874 2424).

St Louis Symphony (Carnegie Hall): conductor, Leonard Slatkin, violinist, Joshua Bell: Verdi, Bruch, Shostakovich (Wed); conductor, Leonard Slatkin; pianist, Misha Dichter. Bernstein, Liszt, Dvorak (Thur). (247 7459).

Endellion String Quartet (Kaufman Hall): Mozart, Bartok, Beethoven (Tue). 1395 Lexington Av. (427 4410).

WASHINGTON

National Symphony (Concert Hall): conductor, Christopher Hogwood; Barry Tuckwell, French horn; All Mozart programme (Thur). Kennedy Center (254 3776).

CHICAGO

Chicago Symphony (Orchestra Hall): conductor, Sir Georg Solti; flautist Donald Peck. Stravinsky, Gould, Beethoven (Thur). (435 6122).

TOKYO

Das Tonhalle Orchester Zurich, conducted by Christoph Eschenbach. Rossini, Tchaikovsky. Tokyo Bunka Kaikan. (Mon). (545 6348; 545 9348; 571 1689).

Earl Wild (piano): Weber, Schumann, Brahms, Chopin, Liszt. Nerima Bunka Centre Large Hall. (Mon). (237 9990).

New Japan Philharmonic Orchestra, conducted by Seiji Ozawa, with Alexis Weissenberg. Gershwin, Bernstein. Hitomi Memorial Hall, Showa Women's College. (Thur). (237 9090; 980 6060).

Opera and Ballet

PARIS

Wozzeck is conducted by Christoph von Dohnanyi with Peter Gottlieb in the title role alternating with Soirée de Ballets. Paris Opera (742 5750).

Rameau's Hippolyte et Aricie with William Christie conducting his baroque ensemble, produced by Pier Luigi Pizzi. Aricie is sung by Daniele Borst/Donna Brown; Diana by Veronique Dietschy/Marie Christine Porta. Salle Favart-Opera Comique (296 0611).

Händel's Ariodante in co-production between the Théâtre des Champs-Elysées' Milan La Scala and Paris Opera. Jean-Claude Malgoire conducts: Production is by Pier-Luigi Pizzi and choreography by Richard Caceres. Théâtre des Champs-Elysées (723 4777).

Ballet of the Paris Opera presents Romeo and Juliette in Rudolf Nureyev's choreography and production, decors by Ezio Frigerio, with Florence Clerc, Monique Loudieres, Claude de Vulpian, Cyril Atanassoff, Patrice Bart, Patrick Dupond, Jean-Pierre Franchetti, Jean Guizerix, Charles Jude, Jean-Yves Lormeau, Rudolf Nureyev in the main roles. Palais des Congres (758 2253).

NEW YORK

Metropolitan Opera (Opera House): James Levine conducts Leonie Rysanek, Jon Vickers, Simon Estes and Kurt Moll in the season's first performances of Parsifal, along with Lulu starring Julia Migenes-Johnson, Evelyn Lear and Kenneth Riegel. Franco Zeffirelli's production of Tosca continues, conducted by Giuseppe Sinopoli with Hildegard Behrens and Placido Domingo. Lincoln Center (362 6000).

Martha Graham Dance Company (New York State Theatre): The world premiere of Martha Graham's Song and last year's world premiere of The Rite of Spring highlight the three-week season of mixed programmes featuring revivals of Appalachian Spring, Cortege of Eagles, Andromache's Lament and Judith. Ends April 21. Lincoln Center (870 5570).

TOKYO

Vienna Volksoper, Kalman's Princess Czardas: 250-member company with soloists, Karl Donch, Adolf Dallapozza, Mellanie Holliday, Mirjana Irosch. Orchestra and chorus conducted by Rudolf Bibl (Wed, Thur). Bunka Kaikan. (262 7141; 571 1689).

Kei Takei's Moving Earth: Modern dance by renowned ensemble from New York including Lazuro Brezer, Robert Carabello and Kei Takei. Theatre Apple Shinjuku. (Thur). (207 5588).

LONDON

Royal Opera, Coliseum: The new production of Rossini's Barber is a success – beautiful to look at and to listen to, and genuinely inventive within the bounds of the best comic-opera traditions. Stellar performances from Thomas Allen, Samuel Ramey, and Enzo Dara; the excellent conductor is Gabriele Ferro. The Don Carlos revival, which marks a disappointing return to the bad old Italian translation, has Luis Lima, Robert Lloyd, Ileana Cotrubas, Giorgio Zancanaro, and Bruna Baglioni (replacing Tatiana Troyanos) as its principals, and Bernard Haitink as conductor.

English National Opera, Coliseum: In the new production of Smetana's Bartered Bride, Penelope Thorn and Elizabeth Robson alternate as the heroine Marenka; the cast also includes Edmund Barham, Graham Clark, and Stafford Dean, and the conductor is Herbert Prikopa. Further performances of Fidelio, with Elizabeth Vaughan taking over in the title role.

Sadler's Wells. Rosebery Avenue: Ballet de Montreal. (278 8916).

ITALY

Rome: Teatro dell'Opera: Adriana Lecouvreur by Francesco Cilea with a cast including Raina Kabaivanska, Fiorenza Cossotto and Giuseppe Giacomini conducted by Giuseppe Patane. (461 755).

Milan: Teatro Alla Scala: Turandot conducted by Lorin Maazel directed and with scenery by Franco Zeffirelli; Proust Ou Les Intermittences Du Coeur – an evening of ballets by Roland Petit based on Proust's à la Recherche du Temps Perdu. Beethoven, Debussy, Fauré, Cesar Franck and Saint-Saëns. (809 126).

Turin: Teatro Regio: Tancredi – written by Rossini when only 20, in the production seen some years ago at the Pesaro Festival. Scenery and costumes by Pier Luigi Pizzi. In the cast Lucia Valenti – Terrani and Malmacio Gonzales. (548 000).

VIENNA

Staatsoper. Faust in an unusual and visually extravagant production directed by British film maker Ken Russell, conducted by Binder, with Raimondi, Weikl and Stajnc; Parsifal; The Sleeping Beauty, choreography Nurejev, conducted by Richter; The Magic Flute; The Barber of Seville, conducted by Zedda with Baltsa, Ghiaurov, Taddei.

Volksoper: Lehar's Das Land des Lächelns; The Barber of Seville; Lehar's The Young Tsar; Lehar's The Count of Luxembourg; Donizetti's Viva la Mamma.

NETHERLANDS

Amsterdam, Stadsschouwburg. Balanchine programme from the National Ballet. Apollon Musagète (Stravinsky), Tombeau de Couperin (Ravel), Theme and Variations (Tchaikovsky). (242 311).

WEST GERMANY

Berlin, Deutsche Oper: Siegfried, a Götz Friedrich production, has Tony Krämer in the title role. The Magic Flute is a well done repertoire performance. Hoffmann's Erzählungen, sung in French, has the young, talented Lucia Aliberti and Neil Shicoff. (34 381).

Hamburg, Staatsoper: Lohengrin is well cast with Peter Hoffmann in the title role, beside Eva Randova, Lisbeth Balslev. Belsazar features Walter Raffeiner and Helen Donath. Parsifal is steered to triumph by Robert Schunk in the title role and Waltraud Meier (famous for her rendition of Kundry). (351 151).

Frankfurt, Opera: A new production of Hoffmanns Erzählungen, produced by Herbert Wernicke, has William Cochran in the title role and Elizabeth Parcells as Olympia. Robert Hale is repeating his much praised performance in the title role in Der fliegende Holländer. Parsifal is conducted by Michael Gielen. The cast brings together Walter Raffeiner, Manfred Schenk and Gail Gilmore. La Bohème, a Volker Schlöndorff production, has William Workman making his debut in the part of Marcello. (25 621).

Exhibitions

NETHERLANDS

Amsterdam. Stedelijk Museum. La Grande Parade (named after the painting by Léger) is a feast of highlights in international painting after 1940. Forty artists are represented with 250 works loaned from all over the world. The show is designed as an encounter between the late creations of patriarchs like Matisse, Picasso and Braque and works by the outstanding representatives of subsequent generations (De Kooning, Bacon, Pollock, Giacometti, Rothko and many others). Theory, for once, takes second place, leaving the art to speak for itself. On the ground floor is an impressive gallery of photo portraits of the artists exhibited. Ends April 15.

Amsterdam, Van Gogh Museum. A large selection from the holdings of the city's Stedelijk Museum provides a comprehensive survey of the "Dutch identity" in art since 1945: from Cobra and the Informal Group, via Zero and conceptual art, to the New Realists and the exuberant expressionism of the emerging generation. Ends April 15. (The permanent Van Gogh exhibition has moved to the top two floors for the duration).

BRUSSELS

Palais des Beaux Arts: Felicien Rops – drawings, paintings and watercolours – a mixture of the macabre and erotic, skeletons and sex. Ends Apr 28.

WEST GERMANY

Berlin, Schloss Charlottenburg, Spandauer Damm, Neuer Flugel: Berlin is putting on the biggest exhibition of Antoine Watteau to commemorate the 300th anniversary of his birth. The National Gallery of Arts, Washington, the State Museum of France and the administration of Berlin's castles are sponsoring the show. The French rococo painter often used poor quality colours, therefore many of his paintings are in a bad condition and have not been displayed before. The exhibition includes 73 drawings and 143 paintings. Ends May 25.

Köln, Kunsthalle, Josef-Haubrich-Hof 1: "Ornamenta Ecclesiae." To underline the importance of the romanesque churches, the Cologne Schnütgen museum has organised an exhibition of roughly 600 religious works ranging from 11th to 13th century including illuminated manuscripts and gold artifacts. Ends June 9.

Hanover, Sprengel Museum, Kurt Schwitters-Platz: Works from 1885 to 1954 by the French artist Henri Laurens, to commemorate the 100th anniversary of his birth. Through his friend George Braque, Laurens discovered cubism in 1911 and became popular in France. In 1969 the German industrialists Bernard Sprengel, a Laurens enthusiast, gave his entire collection to Hanover. The works include 115 sculptures, collages, paintings and graphics. Ends April 28.

TOKYO

Leonardo da Vinci Nature Studies: 50 drawings on loan from the Royal Library at Windsor Castle concluding a travelling exhibition in Europe, U.S., and Australia. The exhibition has been designed by Paul Williams, designer of the Renoir at the Hayward Gallery, London. Seibu Museum of Art, Seibu Department Store, Ikebukuro. Ends May 12.

NEW YORK

Metropolitan Museum: 30 objects from the period between the 1851 Crystal Palace Exhibition to the 1900 World Fair in Paris demonstrate the show's theme of Revivals and Explorations in European decorative arts. Ends Sept 5.

Museum of Modern Art. The first comprehensive retrospective of Henri Rousseau, including 60 works from as far away as Prague, show the masterful playfulness of the Paris toll collector who brought together man and nature at their most benign and intriguing. Ends June 4.

WASHINGTON

National Gallery. Ancient Art of the American Woodland Indians includes 151 pieces covering 5,000 years of sculpture, ceramics, copper and shell objects of the native Americans who lived in what is now the eastern half of the U.S. Ends Aug 4.

LONDON

Renoir – a survey of the life's work of the artist who, more than any other, has come to be seen as the quintessential Impressionist. Yet this easy labelling is now shown to be a gross and misleading over-simplification. In Renoir, once the label falls away, we find a wonderfully instinctive painter, aware of what his fellows were doing and responsive to it, but never the creature of theory, analysis or programme. The later works, hitherto considered so difficult, stand as major works in their own right. Organised by the Arts Council and sponsored by IBM, this fascinating and beautiful show goes on to Paris, where it will be much extended, and to Boston. Ends Apr 21.

PARIS

Odilon Redon. Some 500 oils, drawings and pastels given by Ari and Suzanne Redon show the symbolist painter's anguished isolation from the mainstream of impressionist painters while he follows the torments of his imagination and the inspiration of his dreams. Musée d'Art and Essai, 13 ave President Wilson (723 3653). Closed Mon. Ends April 30.

Edouard Pignon: A retrospective of some 200 works to celebrate the artist's 80th anniversary shows how the violence of colour and cruelty of vision of his cockfights painting mellowed with years in his present series inspired by sunshine and beaches, "Les Dames du Soleil." Grand Palais, closed Tue, Wed late closing night, Ends Apr 15.

ITALY

Naples: Museo di Capodimonte: 'Naples in the 17th Century': for lovers of Baroque. An exuberant exhibition of paintings, marbles, silver and furniture dating from a period when the city was the second in Europe after Paris. Ends April 14.

Florence, Palazzo Pitti: Infant Princes: Children's Clothes in the 17th century: A curious exhibition of 24 portraits from the period when children began to be autonomous subjects for painters – mainly the Medici children. The paintings travelled, as photographs would now, between Florence, Rome and Vienna for the benefit of noble grandparents and prospective suitors. Until April 21.

Rome, Palazzo Braschi (Piazza San Pantaleo): Antonio Donghi (1897–1985): A large retrospective sponsored by Banco di Roma (which owns the largest single collection of his works) and the Rome local council. Donghi was, until recently, considered a minor and somewhat provincial artist. But apart from the extraordinary clarity and intensity of his colours and the delicacy of the paintings of the countryside around Rome, it is difficult to feel much enthusiasm. His unnaturally static figures have faint echoes of Magritte and are slightly disturbing. Ends Apr 21.

THE ARTS

Cinema/Nigel Andrews

Another dip into dreamland

Neverending Story, directed by Wolfgang Petersen

Nicki and Maude, directed by Blake Edwards

Broken Mirrors, directed by Marleen Gorris

Return of Captain Invincible

There was a popular poem at my prep school which went as follows:

"*The elephant is a graceful bird,*
It flits from bough to bough.
It builds its nest in rhubarb trees
And twitters like a cow."

How prescient we were! Tow was it we knew that, 30 years later, the cinema would be crossbreeding animals according to our own surreal blueprints? Or more or less. *Wolfgang* Petersen's *Neverending Story* has no flying elephants, but it does have almost every other animal hybrid or hyperbole you can imagine. There is a giant bat, a giant racing snail, a flying dragon with pussy-cat face and pearly scales, a turtle with a sneeze and a resemblance to ET, and a "rock-biter," a monster made of boulders who rides a stone cycle.

These all are creatures in the quest *fantasy* of a motherless New York schoolboy (Barret Oliver) who one day picks up an old book in an antiquarian's shop. Scorning warnings not to open its pages, he retires to his attic to read it, *missing a vital maths exam* (every schoolboy's heart will cheer him on here) to plunge into a dreamland in which he himself becomes the imperilled but conquering hero.

Concussed by *Krulls* and clobbered by *Conans*, you may ask if we need any more wide-screen whimsies in which characters *rejoice* in such names as Artax, Mola and Igmork, and in which dialogue runs to such flats as, "Let the brave one go to the Fiery Fortress in the Swamp of Satisfaction and nobble the navel of Obgoblin." (I improvise). But this *German-made*, English-speaking romp is mercifully light of foot, and of mouth, and is just about the best kiddies' film around.

Unlike *Krull* and Co., it belabours us less with endless thick-eared battles, galactic or sublunary, than with the excitement of unleashed imagination. Our real boy hero *is his own* imagined hero, seeking to save the realm of Fantasia—a kingdom of light with a distressed Princess—from the depredations of nasty "Nothing," a sort of unidentified miasmic menace. En route he meets the menagerie *ci-devant*, an enchanted landscape or several, and such merrily certifiable characters as Patricia Hayes and Sydney *Bromley as a pair of* nutty sorcerers called Urgl and Engywook. Wolfgang (*The Boat*) Petersen directs with throw-away wit.

Dudley Moore and a "pregnant" Amy Irving in Micki and Maude

Dudley Moore's habit of hitting the comic jackpot with one *movie in every two or three* confirms itself again in *Micki and Maude*. After laughless recent outings, Moore re-teams with director Blake (*10*) Edwards and manages to ring up an avalanche of coinage. He *hops through* this *comedy of* bigamy with pigeon-toed gusto, eyes akimbo and suavity at bay, playing a TV news reporter who's about to drop his childless career wife Ann Reinking (unbeknownist *to* Miss R) for cosier domestic bliss with cellist Amy Irving (pregnant).

But lo! Before wedding bells have rung—let alone divorce lawyers' cash registers—Miss Reinking finds she, too, is *pregnant*. *She hurls* aside all thoughts of ambition and/or abortion to become a housebound prospective mum. Moore, Amy-besotted and by now Amy-bethrothed, goes through with the marriage nonetheless—in *secret—and he is soon a shuttle*-service bigamist, spending 10 hours a day in each love-nest and four at the service of his ever-patient employer (Richard Mulligan).

Like a roller-coaster, the movie has a few die-straight stretches when it merely rattles from point A to point B, but they're amply made up for by the sudden dips and rearings of comic verve. Moore's ever-more-frenetic TV assignments ("OK, wrap it," goes a sample cry from his director. "We've still got the herpes clinic to do"); his complaints of having to get two nights' sleep every 24 hours; his physical mishap gags which match the best in *10* — including a spiralling grasping fit at a *Cambodian* party, when *he* washes down a near-lethal cocktail with a succession of drinks which prove *even* more *lethal*; and the classic climax when the two wives turn up at the same hospital for simultaneous labours and Moore is left holding the baby. Sorry, *two* babies. Screenwriter Jonathan Edwards *delivers* his first screen child with aplomb, director Edwards his umpteenth with ditto.

★

Is there a lexicographer in the house? If so, what is the opposite of "misogyny"; and, *indeed, is there such a word?* While men can be damned with a convenient one-word stigma for hating the opposite sex, women can commit the same offence with virtual impunity.

"*Bloody mess! Someone's* vomited again," says one of the prostitutes at the beginning of Marleen Gorris's *Broken Mirrors*. And then we're off into the rambunctiously man-hating tale of the Happy House brothel, somewhere in *Holland*, where business is a constant round of changing the sheets, unblocking the basins, picking up used condoms and dealing *with the odd stabbing* and suicide. Meanwhile, we keep darting off into a different tale with the same message — shot in washed-out near-monochrome — about a young mother captured by a murderer who specialises in tying women up, *starving them*, photographing them and then dumping their bodies in a river.

Dutch director Gorris last walloped the chauvinism out of us men in *A Question Of Silence*, where a *male* shop assistant was beaten to death by three ladies for the simple offence of catching one of them shoplifting. In *Broken Mirrors*, every man is a brute, a drunk, a drug addict, a murderer, or some *other form* of sub-human (or sub-female) life. Watching the film is like being trapped at a cocktail party by a demented femilist who assaults one in a sensitive place with the complete works of Kate *Milet*.

★

Last, and least, in the Easter silly season is *The Return of Captain Invincible*, an Australian-made cure for insomnia starring Alan Arkin and *Christopher Lee. After promising* beginnings—Arkin glimpsed in black-and-white mock-neewsreels as the "Legend in leotards," duelling with disaster and saving damsels-in-distress—the film slowly but ruthlessly *overdoses us on cartoon dialogue*, "Eek Splat" showdowns, and comic-strip campery.

Records/Max Loppert

Bernstein conducts Bernstein

The news, first released a year or so ago, that Leonard Bernstein and a team of top opera singers had been gathered into the New York recording studios for a new, complete DG recording of *West Side Story* caused a stir among even the most hard-bitten of record-company watchers. Now the set is released, and proves to have been well worth doing, and no *less worth waiting for*. The work, of course, is still in the mainstream of popular musical and theatrical life; any attempt at its re-evaluation is probably premature or unnecessary (or both). Yet a record*ing of this kind provides* considerable temptation to undertake the exercise all the same: *for*, on the simplest level, it lends the music a wonderful freshness of appeal while the particular slant of the performance seems to illuminate aspects of the piece previously only fleetingly considered.

The category in which *West Side Story* is generally placed, and popularly accepted, is that of the Broadway musical. It was one of the first (if not the first) to contradict the previously sanctified Broadway convention that *musicals* are *escapist* entertainment; and its influence on the workers in the form who came after the collaboration of Bernstein, Jerome Robbins, Arthur Laurents and Stephen Sondheim has been inescapable (not *least, apparently, on Sond*heim himself). It's not solely under the influence of José Carreras singing "Maria" or Kiri te Kanawa "I feel pretty" if now one wants the whole business of categorisation—the fact that *West Side Story* has already been taken into the repertories of half the opera companies of Germany and Austria also demands to be taken into account.

For in this recording, the work is seen to belong directly in a grand line of which Kurt Weill's "Broadway opera" *Street Secene* was an earlier transatlantic representative. That is, *opéra-comique* or *Singspiel*—that essentially popular musico-dramatic genre in which speech, song, and (if required) dance can mingle freely; whose "*comique*" *appellation* has not prevented, at certain key periods in operatic history, the tackling of serious subjects and tragic situations; and in which the learned and popular musical idioms of the day discover dra*matically pertinent ways* of co-existence.

To all of this description *West Side Story proves strictly* true: from the Copland-inherited piled chords and wide-spaced textures of the "somewhere" scene, through the combination of spidery syncopation and fugal technique in "Cool" and *the Offenbachian* merriment drawn from the Latin rhythms of "America," to the pure patter-song comedy of "Officer Krupke," the diversity of range is licensed and unified by a

Bernstein: West Side Story

Kiri te Kanawa, José Carreras, Tatiana Troyanos, Kurt Ollmann, Marilyn Horne etc. Orchestra and chorus conducted by Leonard Bernstein. DG 415 253-1 (two records), also on cassette and compact disc.

brilliant controlling vision. It can only be demotic suspicion of "art" as a label that has long denied the work its widest appreciation—as the DG sleeve-note writer, Daniel Patrick Stearns, puts it, "Those who have been *waiting* for the great American opera may have missed several because of looking in the wrong place."

The aspect of *West Side Story* that has caused greatest difficulty to many of its serious admirers is the portion *of its* music that most nearly approaches operatic lyricism of the Italian verismo (specifically Puccinian) kind; as Wilfrid Mellers sternly wrote, in *Music in a New Found Land*, Bernstein's "*positive manifes*tations of love and compassion all tend to be phoney or, if they are not false, to be deficient in character." Perhaps this is the most startling revelation of the new recording: for with voices of genuinely operatic capacity to undertake the vocal lines, their operatic implication (and such things as the high B flat in "Maria" or the crowning final C of the "Tonight" ensemble) seem no longer an *embarrassment*, or a *cliché* gesture, but a natural fulfilment. When Bernstein's lyrical lines are freely, glowingly, and beautifully delivered, with note-values observed and style sensitively perceived, their quantity of artistic *truthfulness* increases in strict proportion.

This performance *is* most beautifully sung; but for all that, I would not proclaim it the absolute ideal. In the role *of Tony, the* American-boy lead, José Carreras's thick Spanish accent might provoke smiles early on (his words of dialogue are spoken by an American, which makes the shock of the sung word all the *stronger*). *Yet Carreras's dusky* warmth of timbre has seldom been so potently captured on record, and his romantic sincerity of manner soon renders the spicy verbal inflections of minor importance. *With her gift* (*in the right role*) of naturally becoming the character she plays, Kiri te Kanawa ought to have been the Maria of one's dreams; much of the time she sounds husky, as though singing through a heavy *cold*. *Tatiana Troyanos*, elegantly funny in "America," cannot bring sufficiently powerful chest notes to bear on the dramatic duet (Chita Rivera is missed here); the big name brought in for "Somewhere," Marilyn Horne, no longer commands the limpid tone properly required.

The most completely successful meeting-point of vocal styles comes in the performance of Riff — razor-sharp in profile, yet uttered with a Lieder-singer's care for nuance and shading — by the young American baritone Kurt Ollmann. And the richest, fullest contribution to the whole *revival is made by the conduc*tor. In number after number the musical direction is truly re-creative. Where a tempo is chosen slower than expected (or than the vocal score warrants), the music gains immeasurably in eloquence of sound and sense. There is a tingle of excitement about the entire enterprise, a delight in rediscovery. I guess that, in even the most jaded listener, like sensations may be aroused.

Kiri te Kanawa and Leonard Bernstein

Intermezzo/Greenwich

Martin Hoyle

No, not the play of the Ingrid Bergman film, but another work from the output of Arthur Schnitzler, whose *Lonely Road* recently had an Old Vic run; and *Intermezzo* is in every way a livelier, more stimulating and eminently more stageworthy piece.

This may reflect on the carefully judged light touch of Christopher Fettes' direction. It certainly owes much to Jonathan Kent's playing of the conductor Amadeus, a tragi-comic mixture of rage, complacency, anger and deflated pomposity, beautifully gauged and *served* by a *marvellously* controlled physical technique.

Yolanda Sonnabend's set is *backed by walls of pigeon-holes* whose right-angles are echoed by archetypal Secession furniture, Charles Rennie Mackintosh meeting embryonic high-tech. Photographs of Bruckner, Mahler and Strauss are displayed (Strauss, remember, would also write an *Intermezzo* about a musician and his opera-singer wife). *Fragments of masonry* and sculpture in glass cases add the aura of a museum to this *Viennese stronghold of* casually-gifted high culture; and somehow describe its occupants—exquisite connoisseurs but magpies, incomplete, eclectic and directionless.

Viennese society in 1910 knocked spots off the Bloomsberries; and a slight note of self-consciousness creeps into badinage couched in Lieder titles (mention of Schumann's "Love Betrayed" is sharply *countered* by Wolf's "Secrecy") when British actors try to sound as if such high-powered intramural references were the everyday idiom of domestic squabbles.

Half a century ahead of their time, Amadeus and Cecilia decide on an open marriage. We realise that for him this is merely a way of reinvigorating a listlessly frayed and chafing relationship. His infidelities (*notably with another soprano* who though a Countess refers to herself as an "arteest" and sings the Polonaise from Thomas' *Mignon*) are casual; but he is driven to a frenzy of possessive jealousy when she seems to be involved with a princely admirer. As in Shaw (and there is even a radical *playwright given an Irish accent* in James Griffin's whimsically cynical interpretation), the woman seems stronger than the man, apparently calm in this new-found freedom while he frets in outraged dignity.

And, of course, love. Act 2 has an abrasively sweet and sour flavour when, during the stiffly hostile interview between husband and rival, Amadeus realises Cecilia has remained faithful. *Mr Kent's kaleidoscope of* emotion: — surprise, quickly checked joy, relief—mark the play's comic high-spot.

But Cecilia's coolly rational repudiation of their marriage, just as we expect the final happy reconciliation, displays the ruthless and balanced reasonableness of Nora's great declaration of independence in *A Doll's House*. Sheila Gish excels in being beautiful, tense and vulnerable; in this scene she rises to a new, bitter strength. Robert David MacDonald's dialogue never sounds *like a translation; and apart* from a saggingly talkative patch in a long first act the play's hold never weakens. A fascinating evening.

Alexander Quartet/Wigmore Hall

Max Loppert

In its short lifespan, the City of Portsmouth String Quartet Competition has already thrown up some notable competition vic*tors—the Takacs* Quartet, *for* instance, have gone on to deserved international acclaim. On Tuesday, two days after having taken the 1985 Portsmouth first prize, the Alexander Quartet from the U.S. introduced *themselves to London in the* prizewinner recital. It was an attractive concert, full of musicianly virtues and graces, continuously enjoyable as sound, intelligible as genuine chamber-music; but what it bodes *for the group's future seemed* hard to predict.

The opening work, the Mozart Dissonance Quartet, K465, displayed immediately the Alexander's immaculate command of balance, and the cultivated corporate identity which this youthful band has already managed to develop—the four voices blend, the give-and-take is conversational, the smoothness of the full sonority gives constant pleasure. One admired also a delicate moulding of melodies, a pliant way of "breathing" them, that lent the work a greater air of lyricism than it is often allowed to possess. The *Andante cantabile* was, indeed, in singing style—and that is already a considerable distinction in Mozart performance.

But this is music of passionate intensity as well as lyrical *radiance—the very nickname* suggests as much. Passion and intensity were, in varying degrees, missed in the performances of all three works on the bill. The Bartok Fourth Quartet verged on blandness: the tex*tures* were finely worked, and sophisticated caresses were given to melodies (to hear so much melodic pointing in this work was unusual), yet the movements seemed to follow each other without any build-up *of excitement*, without any honing of a properly Bartokian cutting edge.

And the Beethoven E minor Quartet, Op 59 no 2, went over the verge—it's surely a much less mild piece of musical argument than these players appear to believe. The basic technical attributes of this string quartet are enviably assured; the players should now allow themselves to open up, and open out to an audience.

Ballet de Montréal

Clement Crisp

The idea that ballet is an international art has always seemed to me one of the more dubiously credible opinions voiced about dancing. National taste, local expectations in movement and theme, have been too often shown to be as *incomprehensible* away from their native heath as any Albanian poem or Tibetan drama. So, I found on Tuesday, were the choreographic procedures of the Ballet de Montréal, making their British debut at *Sadler's Wells* in works by their director Eddy Toussaint. Upon a simple basis of academic steps Mr Toussaint imposes a style that looks by turns gymnastic or eurhythmic, as his dancers attitudinise and gesture, *strike poses heroic or* agonised, and go in for an unconscionable amount of emotional and actual breast-beating.

There were four works on view, beginning with a piece of local colour about *Alexis le Trotteur*, *a folk hero* seen first amid the jovialities of a barn dance, and then baring his soul to madness. The dancers of the company made a bright impression in the initial merry-making, and then Jean-Hugues Rochette as *Alexis* was flung into a welter of expressionistic activity.

A pas de deux for the beautiful Anik Bissonnette and Louis Robitaille was the *statutory* moment of yearning — to that noxious adagio attributed to Albinoini — in which the girl is turned, twisted and made the recipient of much gratuitous emoting. *Cantates*, set to a Bach cantata, found eight men in white skirts and bare chests behaving like athletes for whom religiosity is a means of muscular development: the piece had that old-fashioned innocence of means I associated with Ted Shawn's creations for his Men Dancers.

The final *Concerto en mouvement* used the first Bruch violin *concerto — well played by* Adelina Oprean and an anonymous orchestra — as an excuse for Mr Toussaint to marshal his company in dutiful step-for-note manner, the men ever ready to semaphore grand somethings to the world, and the women occasionally dragged across the stage in the splits. The cast demonstrated a clean and honest movement style, here as elsewhere, but their dances are, for me, altogether too specialised a taste.

Alastair Muir

Dulice Liecier and Mel Taylor in Spell Number Seven.

Spell Number Seven/Donmar

Michael Coveney

Raising the black consciousness is the game of American poet Ntozake Shange, remem*bered here for her 1979 long* title *For Colored Girls Who Have Considered Suicide When the Rainbow is Enuf*. This piece was premiered in that same year in New York and, like *Colored Girls*, it is a strikingly original "choreopoem" of bar-room origins, a sort of black feminist *Kennedy's Children*.

As a second offering from the Women's Playhouse Trust, however, it is a theatrical disappointment. Sue Parrish's production makes few concessions to transatlantic white ignorance of specific references and inci*dents, though you prick up your* ears at mention of Marcus Garvey or Stevie Wonder. The company assemble on Sue Plummer's evocative New York bar design of minstrel show posters and staircase at the *command of Erick Ray Evans's* supervising magician.

This is an actors' bar where the occupants suddenly take off on descriptive and autobiographical riffs that (and this is the show's chief weakness) you never know whether to credit to the character or to the "actor." Claudette Williams, in tribal dress and exotic earrings, recounts how she sucked the life-blood from a child she christened "Myself"; Alibe Parsons impersonates a girl out for a good time in the Bowery; there are odd, quirky paeans to the liberating *pleasures of* brushing your hair and launching into an orgy of hip-rolling boogie.

There is insufficient exploitation of the explosive musical talents of Mr Ray Evans or of *Dulice Liecier*, an electric gymnastic sylph in a red dress with a waist of about 10 inches circumference. The extended fantasy of a black girl's sardonic reading of what it is to be white is the best of the writing. *Otherwise, it all* seemed a worthy enterprise that has slipped its cultural and even historical moorings.

Saleroom/Antony Thorncroft

Unnoticed—but worth £½m

A marble bust which for years stood unnoticed and unappreciated in the porch of a *north Yorkshire mansion sold* for £518,400 at Christie's yesterday. Spotted by Christie's regional representative, during a routine valuation, as the work of Louis Francois Roubiliac, it subsequently was identified as *a portrait, in the classical style*, of the 4th Earl of Chesterfield, famous for his letters to his son.

The bust, dated to 1745, had been sold at Christie's in 1918 for £252. The saleroom estimated it yesterday at in excess of £100,000, but the final price surprised everyone. The buyer remained unidentified but the *under-bidder* was Leggatts, which often acts for the National Portrait Gallery.

It is a *record price for a* work of English sculpture if Roubiliac, a Huguenot who came to England in 1735, can be claimed as a native.

Sotheby's had some equally sensational sales yesterday. In an Old Masters' auction, a painting by Guido Reni of "David with the head of Goliath" sold for £2.2m, easily an auction record for a painting by this 17th century Italian baroque artist. Once again, the under-bidder was a major institution—the National Gallery.

Works by Reni are rare, and this picture was unrecorded before it turned up recently in a Scottish house. It could well be a later reworking of the same theme in a Reni painting, of 1605, in the Louvre. This work has been dated to around 1620, and might well have been the version bought by the Duke of Modena in 1633. Sotheby's had placed a cautious £250,000 estimate on the work but its rarity made it much more costly.

The other notable event was the £286,000 paid by a New York Foundation for a Stradivari violin, known as the "Jules Falk," which it intends to give to the 25-year-old Russian violinist Viktoria Mullova, who defected to the West two years ago. The violin, made in Cremona around 1723, was within forecast; and the price was the second-highest paid for a musical instrument at auction.

A cello, made in Venice in 1725 by Peter Guarneri, was bought by the London dealer, Peter Biddulph, for £148,500. The sale totalled £1,011,456, with less than one per cent unsold.

The Old Masters also did well, totalling £4,206,400, with a reasonable 14.1 per cent unsold. Agnew paid £429,000 for a Rubens sketch of the martyrdom of St Ursula and her maidens; "Hercules between virtue and vice," by Lucas Cranach the Elder, sold for £264,000; and the only known figurative painting by Roelandt Savery easily beat its forecast at £110 000.

Penthesilea/Berne, Darmstadt

Andrew Clark

*Too modern for the tradition*alists, too traditional for the moderns: this is the paradox that has until now beset the reputation of the Swiss composer Othmar Schoeck (1886-1957), whose *Penthesilea* (1927) *is now the subject of stage pro*ductions in Berne—a well-prepared and visually-attractive production at the city theatre—and Darmstadt. It is more than 15 years since *Penthesilea* was performed last in Switzerland: *Schoeck's music* has always had more in common with German than with Swiss culture, which explains why he has a share in the present revival of interest in the nationalist school of German music.

Schoeck's adaptation of Kleist is nothing if not concise: running for only 80 minutes without a break, *Penthesilea* ranges from spoken dialogue to *Sprechgesang* and linear writing that just stops short of melody. *Its portrait of love and love's* death à la *Tristan* gives it a wide emotional compass, fortified by an element of female savagery reminiscent of *Elektra* and a sombreness that characterises much of Schoeck's work of the 1920s.

The Berne company makes a committed but ultimately unsuccessful case for the work. The main assets are the musical groundwork laid by Peter Maag in the pit, the confidence of Glenys Linos in the title role, and the visual framework provided by Beni Montresor. None of these was enough, however, to make me feel the work has an outstanding message, musical or dramatic—an impression that was probably influenced by the mundane stage direction by Eriprando Visconti, Luchino's nephew.

Eschewing the kind of realistic approach that gave the last Zurich production a bad reputation in the 1960s, Visconti and Montresor treat *Penthesilea* as a highly symbolic drama. This is a good start; especially with Montresor's single set, which encloses the action in a domed *sanctuary of circular, classical* design, as if perched on some sun-drenched vantage point overlooking the field of battle.

Visconti has done little to explore or illuminate the text, and, as a result, the principals *fail to relate to each other in a* way that projects the work's humanity or universality. The Penthesilea-Achilles love scene, for example, was denied the necessary tension and ecstacy and there was an element of melodrama in the to-ing and fro-ing of hysterical female warriors. Elsewhere, the stage action faled to complement the offstage choruses or the orchestra's expressions of tenderness and outrage.

Maag's stage cueing was as secure as his dynamic control over the larger outbursts of the orchestra, which enjoys all the jagged dissonances of the late Romantics as well as their syrupy lyricism. It was a pleasure to *hear such a convincing* case made for Schoeck's absurd instrumentation (10 clarinets, seven trumpets, banks of lower strings and only four violins) and, especially, his atmospheric use of two pianos.

The difficulties of the vocal writing have prompted Darmstadt to stage the work as a ballet, *with the singers in the* pit; the Berne cast coped well enough to suggest there is no need to cheat. The only disappointment was the Achilles of Wolfgang Lenz, who cuts a handsome figure but is a weak actor. He seemed more afraid than enraptured of Penthesilea's womanhood, and he lacks sufficient weight in the lower register. Johann-Werner Prein, who sang the Herold, would have been a better choice for the part.

Glenys Linos as Penthesilea combined strength of character with an easy, often seductive command over the low tessitura of the part. Her neglect in Britain of late belies that given the right part — as Santuzza or Lucretia — she can be extremely effective.

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Telephone: 01-248 8000

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Disruption, old style

SOME things never seem to change. Britain's miners may have been humiliated, the rail unions may have conceded an unexpected victory to commonsense, but the Civil Service unions still think that the best way to a dvance a case which has some real strength is to make themselves as unpopular as possible. Happily it is still reasonable to hope that the union members in the customs sheds will show a good deal more commonsense than their union leaders choose to show in public; the threat of a disrupted Easter holiday seems as much designed to produce advance publicity as to cause actual chaos. What the unions want the public to know is that they have a deep sense of grievance. h On te unions' own figures, this grievance looks understandable. Looking down from the peak achieved with the award of 1980, they claim that it would now take an increase of 15.6 per cent simply to catch up with the subsequent movement in the retail price index, and nearly 30 per cent to catch up with clerical workers in other employment. These figures are disputed by the Treasury, which shows that average Civil Service clerical earnings (not salary rates) had kept somewhat ahead of the RPI between the implementation of the 1980 award (five weeks late) and the award last year.

These are all honourable men, but there is some tricky footwork concealed in these contrasts. The Treasury, by starting from the implementation date rather than the date due, conveniently washes the inflationary impact of 15 per cent VAT largely into the irrelevant past. By concentrating on earnings rather than pay scales, it gets some "credit" from the fact that since the service has been cut by reducing recruitment, it now has a higher average seniority. This is one aspect of the tangled question of incremental pay scales.

Pay freezes

The question of automatic increments has always bedevilled discussion of Civil Service rewards — as it did under a Labour government, which came near to suspending increments as representing a breach of one of its pay freezes. The difficulty can be summed up in the following two statements, both true: any individual clerical officer, enjoying both increases and increments, has probably had a reasonable rise in real income over the past five years; but any post of given seniority has rated steadily falling real rewards. The clerical service have been condemned to run up a fairly slow down escalator; they can rise while the steps get lower. Comparisons between this system and an outside world in which automatic increments are the exception rather than the rule will always lead to wrangling.

It is possible that the old rules gave too little weight to this feature of the Civil Service (not to mention Civil Service pension rights) and it is certainly true that the Government regarded the levels it inherited as excessive. It has used both obstinacy and labour market conditions to hold back Civil Service pay ever since.

Comparability

However, Ministers have always acknowledged that this process had to stop somewhere, as Sir Geoffrey Howe told the Megaw Committee in 1982; at some stage comparability has to be given a far greater weight. It can also be argued that the service has had little or no return for the undoubted—though unmeasurable—increase in productivity represented by the steady fall in its numbers. For the rail unions, the hope of some productivity deals has been important in sweetening a 4.8 per cent basic settlement.

The danger in stonewalling on is not that administration will suddenly be disrupted again this year; the mood of the membership does not seem militant at present. It is that by waiting until militancy breaks out in good earnest, the chance of a fairly smooth transition to comparability will be lost, and we will work through real disruption to some latter-day Clegg. The risk is not worth the return from another small real cut in scales. Meanwhile, however, the unions are asking for such treatment by making threats against the public—especially if they prove empty threats. This will win contempt, not sympathy. Is there no representative for common sense?

Way ahead for training

TECHNOLOGY is fast making nonsense of old distinctions between white-collar and blue-collar jobs. The need for a more skilled and versatile workforce, stressed by the White Paper on education and training published yesterday, applies to all types of jobs throughout the economy.

Production workers increasingly need judgment and other intelligent skills to be able, for example, to anticipate and prevent costly mishaps on automated manufacturing lines. The same is true of front-line sales staff as products on the market become more complicated and expensive.

The diminishing need for administrators in the middle ranks of big bureaucratic organisations can only be emphasised by the Government's efforts to stimulate small business activity. People at managerial level will probably need to become more and more directly involved in developing, producing and selling goods and services. But the outdated blue- and white-collar distinctions are still enshrined in Britain's procedures for preparing young people to earn their living in the self same changing economic conditions.

The education system's academic courses and examinations prepare middling to good scholars largely for less or more intellectually demanding work of the clerical or administrative kind. Other pupils are mostly released from school at 16 without any well developed alternative skills. As work for untrained school-leavers has grown scarcer, they have been increasingly recruited in to government - financed training courses. But because the courses are predominantly taken by young people lacking success in academic exams, training has been bedevilled with the image of an activity fit only for teenaged educational failures.

Qualifications

The White Paper is far from the first document to point out the potential destructiveness of the gulf in public esteem between education on the higher side, and training on the lower.

But it contains a third proposal which might at last go some way to bridging the gulf in esteem where all previous measures have failed. The added proposal is a swift review of the tangle of qualifications used in selecting people for different kinds of work. The number of such certificates, from professional accreditation downwards, runs into several thousands.

Representatives of employers, employees and local authorities as well as professional institutions and other examining bodies are being invited by the Manpower Services Commission to join a committee to make the review. They will be expected to complete it within a year by recommending a pruned and reshaped structure of so-called vocational qualifications which, unlike the present network, will be comprehensive and coherent.

Restriction

The Government's prime hope is that the recommended structure will enable acknowledged successes in practical training to count as credits towards educational qualifications and the other way round. If the hope can be adequately realised by the review, it could well eventually get rid of the white-collar/blue-collar shibboleth.

The damaging effects go beyond shaping children for either intellectual or practical work but not for both. Employers' and professions' restriction of career prospects to graduates has increasingly limited the top jobs even in essentially practical work such as engineering to people who have succeeded in largely academic studies until they are 21. Would-be engineers who fail the school-leaving exams have little prospect of rising beyond middling rank even if they are fortunate enough to obtain a rare apprenticeship and show themselves practically talented. Humans are never motivated to work hard at anything by the near-certainty that they can never go far in it.

That fact is recognised by the White Paper in its statement that the revised qualifications structure should enable practicable accomplishments to count for entry to both higher education and professional studentships. But the difficulties of persuading the professions, let alone universities, to relax their insistence on purely academic criteria for entry will be formidable. Much will depend on the choice of the review committee's members and especially its chairman.

INDIA TODAY

'We've got five years...'

Rajiv Gandhi, in a rare interview, talks to John Elliott, about his plans for the future

Q: You have been talking about having a mandate for change. What in India do you think most needs changing?

A: One must realise that most of our ideology, our policies, and our thrust in planning was laid down 35 years ago in the early 1950s. Now while the ideology and the basic policies are still relevant, the method of achieving these has changed with development of technology, with changes of what is available to us today and was not available to anyone in the world 35 years ago. So we must modify as we go along.

Q: What are the real problems of India?

A: Ultimately I think today our biggest problem is population: getting it under control, because it affects everything that we want to do. On the political side, making it more homogeneous, more cohesive—reducing the difference between religions, castes, regions, languages—all these multitudinous things that we have got. On the development side, lifting people up from their very gross poverty and making them viable.

Q: Judging by the speed with which you have initiated changes, you could not have been too happy about what you watched happening before, when you could do little or nothing about it.

A: The younger generation always feels things are not moving fast enough and maybe this will be true 20 years from now.

Q: 20 years—is that how long you hope to stay Prime Minister?

A: It's not for me to say that —we have got five years at the moment.

Q: But how frustrated did you feel?

A: In certain areas, very frustrated.

Q: Which particularly?

A: Oh corruption really and speed of implementation.

I think you can see corruption as two different areas. One is the very big corruption which is easier for us to get at and easier to control, and which we have managed to control to a large extent since the early 1980s. By big, I mean the person who takes very large amounts.

What is going to be much harder to control is the small chap down in the villages where it is difficult for us really to find out about everything that goes wrong. But we are trying to build a good feed-back system and a system where people will be accountable.

Q—On the big side, one has heard lots of stories even in the past couple of years of large amounts of money being paid on contracts either to Congress(I) or to individuals.

A—Well wherever we have found out we have taken action —dismissals, pushing them out of the political centre.

Q—That's just happened since you came to power?

A—No before that. People were moved very gently, but if you look back now you will see how many changes had taken place.

Q—Are they being moved less gently now?

A—Well, a little faster maybe.

Q: Are you prepared to say publicly to the world, since many big bribes are paid by foreign companies, that backhanders should no longer be paid to Indian politicians, civil servants or middle men.

A: Absolutely, and that is one of the reasons we are legalising political donations (from companies) so that anyone who does want to give to a party can legally give to a party. So one should assure that if anyone is asking for something for the party and it is not going directly to the party, then it is going elsewhere.

Q: So Congress (I) is taking no black money, at national level?

A: No.

Q: And at local level?

A: I hope not, and if we find out, we will take action. Anyone who wants to give us money (nationally or locally) should give it legally—we have opened the channel.

Q: So businessmen abroad who are approached by middel men and asked to give money in order to get contracts . . .

A: . . . are being taken for a ride.

Q: Your mother had a reputation for running a very safe economic policy, which was widely admired, especially for not raising excessive foreign borrowings. Do you think the time has come for more risk taking?

A: No. I do not think we are ready for that. Most of the countries that have taken that risk are in very deep trouble. We have managed to keep clear of such problems.

Q: Turning to industry, you have relaxed a lot of industrial licences and controls, allowed more imports in, and opened up areas for the private sector. How far do you really want to move the country away from its traditional protectionism and centralism?

A: It depends on specific areas. On strategic and core areas like energy, telecommunications, defence and transport to some degree, we don't want to ease up too much and it should remain largely in the public sector. From our strategic point of view we think it is necessary that it does so. In other areas we are not going to be very fussy about letting the private sector in and loosening up the controls.

Q: How open an economy should India become?

A: When we started our development we had a particular policy because there was a particular condition. We didn't have the capability to have a private industry. The management, the technology, the know-how were not available. So we had to build in the public sector and we had to build everything in the public sector. Now we have built up that technological manpower and we must use it

So areas where we feel it is strategically important for us to have government control which includes things like food distribution for example, it is important that government keeps tabs on because we can't be blackmailed on that.

But in other areas where we have developed a know-how, developed a technology, I think we should ease up and let people in — I am talking about Indian private sector as opposed to foreign private sector.

Q: Does that mean you are changing the Socialist policy?

A: Not at all. It is sticking to the same basic ideology translated into the end of the 20th century. What you have got to look at is, did controls actually add to any control, did they serve a purpose? We are only doing away with those that have not served a purpose. Those controls that did serve a purpose have not been touched. It's the controls that have got us clogged and bogged down which we've removed.

Q—But why weren't such adjustments done earlier?

A—I think a lot of people wanted to change, but there were a lot of political pressure groups which did not allow things to happen, or slowed down the process.

Q—What's happened to that political pressure?

A—They apply it and we ignore it.

Q—What is your approach to self-sufficiency and import substitution?

A—We have been trying to become absolutely self-sufficient in everything. I don't want to change that. I think India must be self-sufficient on all fronts. But to achieve that end, I feel that today with these vast new technologies coming up, we cannot afford to attack on all fronts simultaneously. So we have to pick a few areas to come on par with the advanced countries, then pick another few and so on. In the meantime, we have to soften up on other areas because if we try to develop every single thing we are really just re-inventing the wheel again and again, and it's not serving a purpose. Certain areas are strategic, so we are going to carry on that development irrespective.

Q—Do you plan to denationalise anything—the banks may be?

A—At the moment we are really only looking at the sick industries. We have done an exercise on the public sector which will be ready within ten days or two weeks. Our thinking is that there are areas where the public sector really has no business being—tomato sauce, and all sorts of things. Then there are some other companies which are public sector because we were forced to take them over, not because they were public sector by design.

Q: Your policies are being criticised because, while you are cutting tariffs on many products not made here, you are building in new protection with evry high tariffs barriers like 200 per cent on computers and components made in India. So you're just building in new higher technological protectionism.

A: You have got to give them some protection till they find their feet otherwise they'll never find their feet. But we are not reintroducing protectionism at a higher point.

Q: What is your policy on the role of foreign companies in a developing country like India?

A: We have to look at each case very specifically. But we are very wary of foreign companies—we have had the recent case of Union Carbide.

Q: Has that changed your views?

A: Well, the way they are behaving post-incident, certainly —the compensations they are talking about, the whole thing doesn't behove a company of that size, their whole attitude of what happened at Bhopal. They are trying to disown responsibility. They are trying to get away by giving very small compensation and hiding behind legalities. It is one of the biggest disasters in the world.

Q: Is there any alternative to to you taking court action in the U.S. against them—is there any chance of an out-of-court settlement?

A: Today it seems very unlikely. There is no way we can accept the compensation that they have suggested which is too low.

Q: So that has changed your attitudes?

A: Yes, when they are in it only for making a buck at any cost, that's not good enough for us. It has made us rethink on the whole business of foreign companies coming in, looking at the higher technology companies and seeking where we could get them to work with us. Now we have to review the whole thing to see that we are protected properly.

Q: Is that a concern with American companies in particular?

A: Well much more American, less European or Japanese, but we are reviewing the whole lot.

Q: So Union Carbide is responsible for several American Electronic companies maybe not coming in?

A: It has definitely made a difference.

Q. Then what is the role of foreign companies?

A. We see them really in the high technology areas which. we cannot develop ourselves or make use of on our own, and coming in such a manner that we learn that technology. In some areas we'd like to have joint development projects with them probably.

Q. Will you change the foreign exchange regulation act rules, maybe on the basic 40 per cent limit for foreign equity?

A: Not at the moment. We have not considered it yet.

Q: But maybe, though I'm not specifically referring to Union Carbide, they'd be more willing to look after what they've got and improve the technology if they did have a bigger stake?

A: Maybe.

Q: Do you have a view about whether you'd rather deal with countries other than the U.S. and USSR which are away from the sharp end of East-West conflict?

A: We have increased our trade tremendously with Europe and Japan during the last five years and we'd like to continue with that. We want to spread our trade right across.

Q: Do you have an economic model that you admire or follow — say Japan or Singapore?

A: We are going to develop our own model as every country must for its own system to suit its own people.

Q: Do you admire what Mrs Thatcher has done economically in the UK?

A: In some areas yes. She has been very strong and bold in her stand on trying to get England out of the mire it had got stuck in. But it wouldn't work in India.

Q: I'm told there was always a special and close relationship between Mrs Gandhi and Mrs Thatcher. Do you agree there was?

A: Yes, there was. I think they just got along well together. I would like to continue that sort of personal relationship.

Q: Would you set out your views on India's future relationships with the USSR and the U.S.?

A: With the USSR we have had a very strong friendship. They have helped in building our industries and they have stood by us at times of need. So we appreciate that. The U.S. has let us down on a number of occasions—1971 Bangladesh, 1965 Pakistan. On one or two defence items where we spent a very long time talking to them, ultimately they put conditions that were just not acceptable

Q: Would you like to buy defence items from the U.S.?

A: Providing they come o n reasonable terms. We have no problems buying defence items from Britain, from France.

Q: Could you ever trust the Americans in the way you personally seem to trust Russia?

A: I think we could, but they must make their policy with regard to Pakistan very clear. Are they going to let Pakistan make a nuclear bomb for example: every indication today is that they are.

Q: Do you think Pakistan has a nuclear bomb?

A: The yare very close to one if the yhavent got one, and nothing is being done to s top it., and once it's there i t'll be a fait accompli. We'll be landed with a bomb in the sub-continent.

Q: It sounds as if your relations with Russia are closer or warmer, what is the right word to use—trust?

A: I think closer is wrong. There is a history of friendship and co-operation. iWth the U.S. there have been those incidents: Arming Pakistan at the moment, looking the other way when they a re making a bomb.

Q: What about your relations with all the South Asian neighbours?

A: We want to improve our relationships with all of them, with closer co-operation and exchanges.

Men and Matters

BL takes the cash

There is no closed shop at BL according to the company. But Ronald Lake is having some difficulty proving the point.

Lake, an inspector at Austin Rover's assembly plant at Cowley, Oxford, wrote almost two months ago to the Transport and General Workers' Union stating his wish to resign his membership and stop deductions of unions dues at source.

So far his plea appears to have fallen upon deaf ears. Union dues continue to be docked from his wages, and, in spite of a mounting pile of correspondence with BL, the company seems reluctant to make any move without the union's say so.

The latest letter Lake has received from the Cowley personnel office states " . . . I wish to inform you that your request to stop any further payments to your trade union under the checkoff system is being considered in the light of agreements we have with your trade union."

Lake, increasingly frustrated at BL's inability to grasp that the TGWU is no longer his trade union, is looking forward to an interesting case in the Small Claims Court when he seeks to recover the money deducted in unauthorised subscriptions.

"Banned ... drummed out of the Young Conservatives . . ."

Goodhart goes

Much regret among City economists last night as news spread that Charles Goodhart, respected chief adviser in the Bank of England's economics division, is to leave to take up a chair at the London School of Economics.

Goodhart, who has been with the Bank for 17 years, has been its chief thinker and spokesman on monetary affairs since 1977.

He has combined that task with a considerable amount of original academic work on the intellectual basis for the economic policies which now hold sway in Europe.

At the same time, his post at the Bank never prevented him from pointing out difficulties and inconsistencies in the operation of monetary policy in Britain, often to the discomfort of those in authority.

In this context, he coined what quickly became known as "Goodhart's Law." Paraphrased, it said that once a specific measure of the money supply, or anything else, was chosen as a target by the Government, it would inevitably change in nature and go wrong.

The Treasury learnt to its cost how true that was.

In the City he has become known for his courtesy and wit as well as his intellect and has been the main link between the Bank and the many economists at banks and brokers.

But it became clear that after he was passed over for the job of head of the economics division in favour of John Flemming that he was looking towards a full-time academic career.

That opportunity was provided by the establishment of a new professorship of money and finance at the LSE from September, which will be known as the Norman Sosnow chair.

Goodhart was not available yesterday to talk about his move. He was tied up in his other main interest—sheep farming in Devon.

Logan's run

It turns out to have been a neat transition for Bob Logan. Only a month ago he announced his intention to quit as group chief executive of Grindlays Bank which was taken over by the Australia and New Zealand Bank last year.

Yesterday he had a new job. as group chief executive of Samuel Montagu Holdings, the merchant banking subsidiary of the Midland Bank.

Montagu's has been without a top executive since Staffan Gadd left abruptly just before Christmas over policy disagreements with Midland and Aetna Life and Casualty, Montagu's other owner. Sir Michael Palliser, the former diplomat is chairman, and day-to-day running of the bank was taken over by Christopher Sheridan. But Gadd's shoes were not filled.

Given Montagu's recent history, it may be no surprise that Logan, a 55-year-old Scot, described his new job to me yesterday as "a challenge." But he obviously relishes the task that lies ahead. Montagu needs to be reorganised to cope with the changes on the City scene in its alliance with Greenwells, the stockbrokers.

He declined to comment on specific plans, but having witnessed a similar upheaval in Wall Street in the 1970s when he was with Citibank he says: "It's going to change the marketplace a good deal. It will force banks to be greater participants in the capital markets."

Logan will have to get acquainted with the people at Montagu. But he has an old colleague at Midland, Ernst Brutsche, the former Citibanker who now runs the bank's treasury operations in which Montagu will play a big part.

In clover

It has been a good few weeks for the Irish. Hard on St Patrick's Day came the Triple Crown rugby victory over England, and now, from Germany, another triumph in a legal battle to save the shamrock as an Irish symbol.

The Irish Export Board, CTT, has been involved in a five-year dispute with Meggle Milch, a dairy products company in Bavaria, over whether Irish goods sold in West Germany could bear the shamrock on their labels. Meggle's registered trademark is a blue trefoil, and the Germans claimed the green shamrock was an infringement of their copyright.

At first things went badly for the Irish. But the state supreme court has now ruled in CTT's favour, with costs.

The Irish argument was that the shamrock was a national symbol, not a trademark, and over 30 examples were documented, ranging from the insignia of Irish troops with the UN in Lebanon, to the marking of registered bulls.

There is more to this than national pride, however, though John Healy, of CTT, did admit it all sounds like something from a Myles na Gopaleen story. Irish exports to West Germany totalled I£1.6bn last year and the word "Irische" has selling-power there. It is estimated that German companies spend five times as muc hpromoting local goods with an Irish brand-name as the Irish do on promoting the real thing.

Observer

Deutsche Bank

An enviable ability to pick the plums

By Jonathan Carr in Frankfurt

DEUTSCHE by name and German by nature! Thorough, punctilious, persistent—yet with a certain provincial air despite its growing links abroad. All that is true of Deutsche Bank, but it is not the whole truth.

It is a commonplace to say that the Deutsche is easily West Germany's biggest and most profitable bank. The fact is documented again in the annual report released today (though as usual this fails to reveal the Deutsche's full strength). It seems to be emphasised by the two shining crystal towers ("debit and credit" as they are called) of the Deutsche's new headquarters in the centre of Frankfurt.

But for its supreme position at home, does the Deutsche have what it takes over the next decade or so to be one of the world's top two or three international banks—perhaps even to head the list?

An initial glance at the competition suggests this is unlikely. In terms of total assets, the Deutsche was the 14th biggest bank in the world in 1983 — far behind the leaders Citicorp and Bank of America. Admittedly size is not everything and the international comparison, made in terms of the high-flying dollar, automatically depresses the position of European banks.

Even so the Deutsche began quite late in the post-war period to build up its international network again, its position in the key (admittedly very difficult) U.S. market remains modest; and only now, with its new offshoot Deutsche Bank Capital Markets Ltd, is it moving to take the fullest advantage of London as a Euromarket centre. It would be easy to take that history, and the published figures, and judge the Deutsche a worthy stick-in-the-mud in international terms. Easy — but wrong.

The surprising thing is not that the Deutsche's foreign network is not bigger (it comprises 15 branches, 9 wholly-owned subsidiaries and 19 representative offices) but that it has got as far as it has. Like other German banks it lost its assets in the East through the war, it was split into several parts by the western occupying allies and only became reunited again as Deutsche Bank AG in 1957. That coincided with the "*economic miracle*," the helter skelter expansion of domestic banking which accompanied it—and hence there were few resources, either of funds or personnel, to launch out abroad. When the Deutsche did set up a foreign base it shone; witness the success of its Luxembourg Eurolending activities. One of the keys to that success, and to Deutsche's future, is that it almost uncannily knows when to say no!

For example, in the late 1970s and before many of its main rivals, it put a brake on its Euro*lending*, stressing the precept that "earnings go before volume." For a time the Deutsche suffered the apparent indignity of slipping in the Eurolending ratings, but its caution later paid dividends. Likewise in 1979 the Deutsche did not emulate many other German banks in buying lots of fixed-rate government bonds because it felt interest rates would rise. It was right. Those two examples *alone help explain why the* Deutsche coasted into the 1980s with firm profits and regular dividends, when many other banks were floundering.

The same prudence dictates Deutsche Bank's attitude to financial innovations like currency swaps, RUFs (Revolving Underwriting Facilities) and NIF's (Note Issuance Facilities). It rejects nothing out of hand but it will not buy a pig in a poke.

Quite a lot of people smiled with disbelief when Deutsche said a main reason for taking its 4.99 per cent stake in Morgan Grenfell last year was "to learn" from the British merchant bank. But the statement reflects the belief that Morgan Grenfell has experience in fields closed to the Deutsche so far, and that there is much to be gained from watching at close quarters. "*We* are the Deutsche, and *when* we do things, we have to get them right," a board member said *solemnly*.

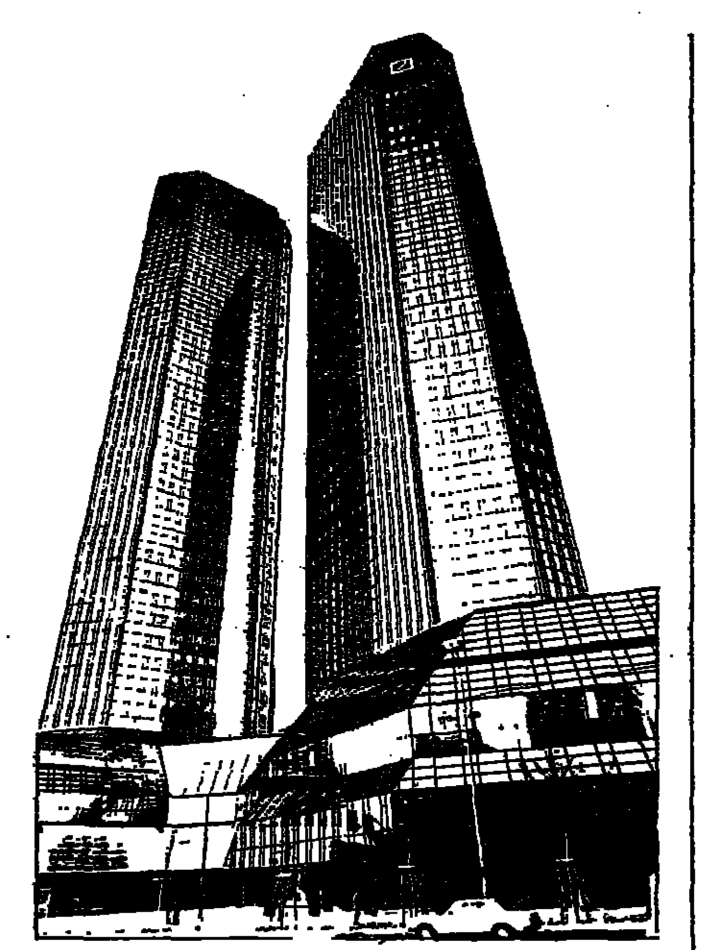
That is easier said than done. Where has the Deutsche acquired the ability to pick so many plums and leave most (certainly not all) of the rotten apples untouched? Dyed-in-the-wool conservatism is not the answer, for in many fields (bringing new companies to the German stock market is one example) Deutsche sets the pace.

It would be too simple just to say that the Deutsche has "better people." But the truth *is it has acquired a tradition* of quality, thanks above all to Dr Hermann J. Abs, who built up the Deutsche again after the war with a rare combination of financial skill, canniness and persistence. By sheer force of character Dr Abs dominated the executive board (and a lot of *other boards too) in a way no* single figure has done since. Significantly, since the Abs era the Deutsche has had two "spokesmen" — in effect co-chairmen. But the tradition of effective leadership and business prudence lives on.

Partly this is a matter of out*standing (but not autocratic)* personalities like the current spokesmen, F. Wilhelm Christians and Wilfried Guth (the latter retires in May in favour of Dr Alfred Herrhausen, a brilliant banker with a cool, even aloof, approach).

Partly it is the make-up of the board itself. Great care is taken to achieve a balance of age groups (bringing the young lions in early) temperaments and skills. Some members tend to be brilliant ideas men, others controllers—financial and otherwise. One rule is that every *board member must have a re*sponsibility "on the front"—that is he must look after banking in a specific region of West Germany as well as having broader policy tasks. Another rule is that all board decisions are to be taken unanimously—or not at all. Once taken, the whole board is collectively responsible. Deutsche Bank can fairly be called a "republic" but also a "meritocracy." A title unaccompanied by brains will get you nowhere.

All that helps give the Deutsche a strong base for future growth. But there are two final points also worth stressing — one about the Deutsche Bank you can see and one about a Deutsche largely hidden from view.



Deutsche Bank's Frankfurt headquarters: "debit" and "credit."

The first is that the Deutsche is the prime example of the German pattern "Universalbank," meaning it does almost everything from lending and deposit-taking, to underwriting stock and bond issues, and arranging mergers and acquisitions. Anglo Saxons used to a *firm division* between commercial and investment banking tended to look askance at the "universal" system in the 1970s. But nowadays with the traditional barriers becoming less firm, and with non-banks breaking into financial services, the "universal" system looks *less doubtful and unwieldy after* all. It may well be that the wave of de-regulation sweeping the world's financial markets may mean more competition for the German banks at home.

But it should also imply that the German banks, headed by the Deutsche, will find bigger markets abroad for the varied skills and services they have so long cultivated under the "universal" system.

Second, it goes without saying that the Deutsche is a solid bank —but it is certainly even more solid than its published figures suggest. *German accounting* practice allows banks to boost hidden reserves and loan loss provisions in such a way that the final net profit figure becomes almost meaningless. Last year the Deutsche says its group operating profit rose by 1.3 per cent but does not give a figure (which is, however, believed to be around DM 4bn).

Over years, thanks to its consistently sturdy but not precisely definable profits, the Deutsche has been able to build a huge buffer against loan losses —at home and abroad.

According to the published accounts, the total risk provision *made in the group in the five* years to end-1984 was DM 6.3bn —but the real figure (including the undisclosed sums) is certainly much larger, perhaps edging up towards DM 10bn.

In the meantime the Deutsche gains tax benefits on these sums, and is able to lend part on to prime borrowers without the disadvantage of refinancing costs. But should it come to a loan default by one or more borrowing countries, the Deutsche Bank is better padded than many rivals (not least the American banks) to ride out the storm. Naturally no one at the Deutsche relishes the idea of a default—but nor is it excluded. If it comes, it will well *and truly sort the sheep from* the goats—and the Deutsche has fair cause to feel it is among the former.

Economic Viewpoint

The Old Lady drags her feet again

By Samuel Brittan

DESPITE NEAR record real British interest rates, the CBI has forecast on the basis of its latest survey 4 per cent real growth in 1985, compared with the Treasury's 3½ per cent. Total order books are said to be the best since 1979. For export orders there is a small majority reporting "above normal" for the first time since 1977.

This favourable outcome is not guaranteed by the gods. The CBI respondents must have assumed, implicitly, that some part at least of the real depreciation against non-dollar currencies will stay, and that sterling will not go too far towards the very top end of the DM 3.5 to *DM 4 range in which it has been* fluctuating. Another implicit assumption is that base rates will fall, if not to the 9½ per cent level of last December, at least to 12 per cent or less.

Above all (although few harassed managing directors would put it that way) they must also be assuming that the official projection of 8½ per cent nominal GDP growth for 1985 "dominates" in the logician's sense, the intermediate stringent-looking monetary and fiscal objectives.

Major inroads on unemployment require 4 per cent growth not merely this year, but next year, the following year, and the year after that, compared with the tailing off forecast by *Treasury and CBI alike for 1986* onwards.

A favourable international demand outlook would help *improve the prospects of obtain*ing a better result.

Senior British Ministers believe that demand management in both Germany and Japan is too tight. Would it not encourage these countries to move a little if the British Chancellor lifted his sights for the UK, at least to the extent of trying to stabilise underlying nominal demand growth in 1986-87 in place of the gradual decline envisaged in the present Medium Term Financial Strategy?

Before, however, we can talk *about relaxation in future years,* some attention must be paid to the foot-dragging for this year shown by the Governor of the Bank of England, in his evidence to the Treasury Committee last Monday, when he cautioned against expecting *early interest rate reductions.*

Sterling has now risen by nearly 10 per cent from its late February low point. The Bank's *attitude now seems to* be: "When sterling is weak, we look at the exchange rate. When it is stronger we switch our *attention to domestic money and* credit"—whichever will happen to justify high interest rates.

Bank spokesmen have not explained why nominal short-term interest rates have to be 4 per cent higher in the UK than in the U.S. and 7 per cent higher than in Germany and Japan, and why UK real interest rates have to be about 3 to 4 per cent higher than in those three countries.

*The need to bolster confi*dence in sterling, after the knock it took this winter, might justify caution over timing of *cuts in base rate below 13 per* cent, but not for making it easy for some banks to remain above 13 per cent.

Why should real interest rates be three to four per cent higher than in the U.S., Germany or Japan?

There are several possible reasons why the Bank should have moved over to the deflationary side of the government, not in order of importance.

● The risk of having to eat humble pie if it lowered rates and then had to raise them again. Such *amour-propre* should be left to politicians. Interest rates are a price, and necessarily fluctuate.

● There is also concern about the impact on sterling of any spring weakening in oil prices. It is surely absurd to maintain high interest rates now because *of a hypothetical shift in senti*ment later.

● The possibility of bad monthly figures for Sterling M3 *and the other broad aggregates* next Wednesday. The Bank's main argument is that the financial markets think Sterling M3 important. But they only do so because it has become an official target since the mid 1970s. Sooner or later some*one will have to break* the circle. The Bank of England Bulletin explains very clearly that the rise in the pri*vate sector's broad liquidity* is due to structural changes and does not necessarily bring inflationary danger.

● *While the Bank pays lip ser*vice to the money supply it really does worry about a 20 per cent per annum rise in *bank lending*. This concern is a hangover from the direct lending controls of the 1950s. Bank lending is only one of many flows in the economy; and there is little relation between it and either Nominal GDP or inflation. Indeed a very steep rise in bank lending in 1981-82 preceded one of the steepest falls in inflation ever experienced.

Some of the present rise in bank credit may simply be bill arbitrage—companies borrowing from the banks on bills and redepositing the proceeds for the sake of the turn.

● The Bank is worried that unit labour costs in British manufacturing were rising at 4 to 5 per cent in 1984, compared with about 1 per cent in 1983 and *among major competitor* countries today.

The deterioration over 1983 does not represent faster wage inflation but mainly a relapse of productivity from its post-recession spurt. Part of this may well reflect measurement problems in a coal strike year *and may well be revised* upwards.

A modest gradual appreciation of sterling in relation to near zero inflation countries such as Germany and Japan is nevertheless almost ineviable; and acceptances of this is quite consistent with treating the exchange rate as a principal policy indicator.

For years and years the Bank has been nodding and winking about its dislike for "rigid monetarism" and making no secret of its belief that over-restrictive Government policy contributed to high unemployment.

Yet now that the Chancellor has embraced a broader concept of "financial policy," and has indicated that an undershoot of his nominal demand objectives would be as bad as an overshoot, the Bank seems to be moving back towards both a more dogmatic and a more restrictive stance. At least one should highlight the danger.

Letters to the Editor

Support for new technology

From Mr R. Mully and Roma Haigh

Sir,—Your excellent leader (March 26) highlights signifi*cant* weakness in the Government programme of support for industrial innovation and high technology projects. In particular we welcome your questioning of the Government's abilities *to* "pick winners," which is emphasised in your conclusion that the DTI lacks monitoring techniques and does not know whether money has been wisely spent.

A substantial proportion of this support has taken the form of grant-in-aid for large industrial concerns. As Norman Tebbit pointed out, profitability *is improving*, and therefore companies are increasingly able to finance the full cost of new projects from their own cash-flow. Moreover, large diversified groups should include some risky projects in their portfolio to maximise their expected return on capital; they should not need grant support as a major incentive.

You are correct, therefore, to assert that the main problem in this sector is lack of management appreciation of new technology and that a more pronounced shift in emphasis towards advisory, information and consultancy support schemes would be appropriate.

Project grants retain an important role in two particular areas, however. Firstly, they are an essential part of Government's encouragement for small firms. Our experience is that small entrepreneurs have plenty of good ideas and sound *technical* awareness but are constrained by a shortage of capital. Grants help to fill the funding gap experienced by small growth businesses.

Secondly, grant support for high technology projects is important for attracting direct inward investment to the UK. As our industrial competitors offer increasingly attractive aid packages to capture internationally mobile projects, the UK needs to maintain a competitive grant regime in order to secure a share of the substantial output, employment and *innovation* benefits associated with these investments.

Richard Mully,
Roma Haigh,
Grants Advisory Service,
Deloitte, Haskins and Sells,
128 Queen Victoria Street,
London, EC4

Trinidad sugar workers

From the High Commissioner for Trinidad and Tobago

Sir,—In a report headlined "Bulk of Trinidad's Sugar workers to be dismissed" appearing in your paper on March 7, 1985 Canute James in Kingston, Jamaica states that "The Trinidad and Tobago *Government* is to dismiss half the 10,000 workers in its largest sugar company this year, and 3,000 more later as part of a shake-up of the financially troubled industry."

The report goes on to state "the sackings, announced by Mr Ronald Williams, Minister for State Enterprises, are a stark illustration . . . ."

It appears that this statement on sackings attributed to the Minister relates to the opening address he gave to the 22nd Conference of Sugar Technologists in the Caribbean at the Holiday Inn in Trinidad on March 4, 1985. The relevant portion of the address, in referring to some of the measures which the board of the sugar company would have to take to reduce its losses, states "cut its labour costs through reducing numbers throughout the system and exercise more stringent cost controls over direct *labour costs and fringe* benefits."

The above was the only reference in the Minister's address to reduction in labour costs and it is therefore surprising, to say the least, to find that this has been translated into such precise figures of sackings.

F. O. Adbulah.
42, Belgrave Street,
London, SW1.

Aerospace export markets

'rom the director of the 'ociety of British Aerospace Companies.

Sir,—I write on behalf of the erospace industry to register ur concern about the report y Sir Gordon Downey, the uditor General, on ECGD xed rate export finance system FREF). *Inter alia* he said that e could discover no clear vidence for the financial supprt for our exporters.

In the best of all possible orlds where every country eated its industry the same ur industry would prefer to iter the overseas market place ithout such support. But the orld is not like that. The erospace export market is ghly competitive and we now that our major competiors are well supported financially by their governments.

Just one example will suffice, though there are many other amples. When the sale of irbus to Turkey was being gotiated the German and ench Governments were will- to cover 85 per cent of their untries' involvement, our vernment only offered 42 per cent. Had British Aerospace not persuaded the Government to raise their support to the same level the sale would have fallen through.

The aerospace industry exports half what it manufactures (some £3bn) and produces a healthy and substantial contribution to our balance of payments. Unlike our major competitors in the U.S. *we do not have* a large home market to support our industry. The U.S. aerospace companies export only some 20 per cent of their products. Our industry must export in order to live and must, therefore, not be more heavily handicapped than our competitors, as it would be if the Government were to withdraw their subsidies as Sir Gordon Downey implies they should, and Mr Ian Byatt of the Treasury suggested they should in his report in 1982. So far the Government have resisted any such advice. I hope they will continue to do so.

(Sir) John Curtiss.
29 King Street,
St Jaes's, London, SW1.

Oysters and the environment

From the Parliamentary Under-Secretary of State, Department of Environment

Sir,—I was rather surprised by arguments used in the article in Men and Matters yesterday about our consultation document on the dangers of anti-fouling paints for the marine environment.

The issue is much wider than the damage that is clearly being suffered by the oysters. This is a red light to which we are bound to react. It indicates a potential environmental danger and we must not wait until the disaster is real *before acting*.

But the evidence does not stop at seriously reduced oyster production. Much more serious *is the evidence* published in the scientific journals that other forms of marine life are affected as well as the commercially important oysters and other shell fish.

Environmentally this is of great concern since they include for example, phytoplankton, an important link in the food chain. Interference in this cycle chain could have serious and far-reaching consequences.

On the open sea we can be reassured that the large volumes of water will dilute the organotins below the level at which evidence of damage becomes evident. But in shallow enclosed estuarial waters dilution is insufficient. It is here that large numbers of small boats are moored often for long periods. *The dangers are clear.*

Finally I would like to make it clear that far from acting without due consideration and discussion as the article implied the Government has discussed this over a period of time with those concerned and we positively welcome comments on our proposals. The consultation document invites responses by May 14. We shall then be preparing regulations which will be put before Parliament so that the whole subject may be debated as appropriate.

William Waldegrave,
Department of the Environment
2 Marsham Street, London SW1.

Cost of collecting capital gains tax

From the Chairman of the Inland Revenue

Sir, — Your correspondent, S. W. Penwill (April 1) asked for information about the cost of collecting capital gains tax. *Figures of* tax take and cost yield ratios are published in the Board's Report each year, and Inland Revenue Statistics, also published annually, gives details of taxpayer numbers.

Mr Penwill will be interested to know that for 1983-84, the latest year for which we have firm figures, capital gains tax raised some £671m at a cost of £14.7m — just over 2 per cent of the yield. This information was also given in answer to two recent parliamentary Questions (Hansard, February 6, March 14 this year).

To clarify one further point that Mr Penwill raised: the figure of 15,000 taxpayers referred to by the Chancellor in his Budget Speech is in fact the the number of people removed from the capital gains tax net as result of *all* the proposed changes to capital gains tax and not merely those resulting from the proposal to allow indexation based on March 1982 values.

(Sir) Lawrence Airey.
The Board Room,
Somerset House, London, WC2.

A sophisticated queueing system

From the Director of Information Management, British Airways

Sir,—With reference to Mr Gottesman's letter (March 29), as part of an £8m telephone modernisation programme at British Airways' headquarters at Hatton Cross, we have installed the largest and most sophisticated automatic call queueing system in the world.

At the same time the growth in the call rate has put a strain on existing British Telecom trunking systems which are soon to receive additional capacity.

This will cut down, and, we hope, cut out the delay that regretfully Mr Gottesman has experienced.

J. O. Watson,
Heathrow Airport,
Hounslow, Middlesex.

FINANCIAL TIMES

Thursday April 4 1985

Polish workers in new call for reforms

By Christopher Bobinski in Warsaw

NEW grass roots pressure for industrial reform in Poland has surfaced from a group of democratically-elected workers' councils in the country's electronics industry.

In a joint statement 12 councils have complained that economic reforms were being frustrated. They have demanded a thorough re-organisation of the central bureaucracy.

This is the first time a group of workers' councils, set up to co-manage enterprises, have come together to criticise the implementation of government policy.

Many of the councils' members are former supporters of Solidarity, the now-banned trade union, and their complaints about interference with the decentralisation programme are an important challenge to the Government.

The councils were created as an integral part of the reforms aimed at decentralising industrial management and making the economy more responsive to market demands.

Until now many of the councils have been embroiled in struggles with their managements for recognition of their wide-ranging powers of co-decision.

The statement from the electronics group was prepared last month but has remained unpublicised in Poland.

The statement demands that the central ministries stop trying to directly manage companies and restrict themselves to "planning, analysis and general supervision."

It says the present system of ministries representing the various industries should be changed with the establishment of a single responsible industrial ministry, as has already been done in Hungary.

The councils also demand that the present range of tax relief which favours ailing companies and gives the central ministries a measure of power over industry, be limited.

Profitable companies, the 12 councils argue, should be allowed to invest more and banking policy should be changed to allow for this. The statement also demands that bankruptcy regulations be applied more stringently.

● In a separate development, the workers' council at the Huta Warszawa steelworks has taken the Steel Industry Minister to court to prove that a directive issued by the ministry demanding a review of management personnel at the plant is illegal.

At issue is whether, in view of a new company law guaranteeing company independence, the minister has the right to demand such a review.

UK helicopter group receives double blow

BY BRIDGET BLOOM IN LONDON AND JOHN ELLIOTT IN NEW DELHI

WESTLAND, Britain's only helicopter manufacturer, has received a double blow to its hopes of achieving orders worth nearly £600m ($720m) for its Westland 30 aircraft.

The company is under pressure to fill a critical gap in its production lines in the late 1980s, but deals it had hoped to conclude with the Indian Government and the British Army seem to be in jeopardy. Mr Rajiv Gandhi, the Indian Prime Minister, yesterday appeared to scotch expectations in London and Delhi that the company would clinch a £65m deal with the Indian Government.

Mr Gandhi told the Financial Times that the Westland's W30 was too large for India's requirements and would be too costly to operate. Negotiations on the contract for 21 W30 helicopters had been in progress for 18 months, with the Westland bid being approved by the Cabinet seven months ago. Westland had hoped to sign the contract last month.

No moves on the deal have been made, however, since Mr Gandhi became Prime Minister five months ago. It now seems clear that Mr Gandhi, a former airline pilot who has kept direct ministerial responsibility for aviation, does not support the deal, at least under the terms negotiated.

Mr Gandhi's reservations reopen the possibility of Westland's main rival, Aérospatiale of France, winning the order with its Dauphin helicopter. The aircraft are needed by India's offshore oil and Natural Gas Commission for servicing offshore oil wells.

"We have a problem with economic performance. Westland's is much more expensive in kilometres per rupee," said Mr Gandhi. "The real problem is that Westland is not in the slot, it is a little too large, it has to carry empty seats, so it is more expensive."

The £65m cost of the helicopters is fully covered by grants provided by the UK's aid budget for India. There is also a parallel order under negotiation, but not covered by aid, for six helicopters, costing £20m, for use by the Indian Government.

The blow to Westland from Delhi is the more serious in that it comes only a week after British ministers made clear they had doubts over a potentially much larger deal on a military version of the W30.

Westland is one of the three companies competing for a contract for about 100 battlefield troop-transporting helicopters for the British army, which might ultimately be worth up to £500m.

Mr Adam Butler, Minister of State for defence procurement, told parliament last week that the army was reviewing its requirement. It was probable that the army would want a larger helicopter with a greater payload than those on offer, Mr Butler said.

It is suggested within the Ministry of Defence that no decision will be made for at least a year, which is coincidentally the time allotted for completion of a feasibility study on a new five-nation troop-transporting helicopter.

Westland has argued strongly that it needs the W30 orders to plug a gap in its production lines between the end of 1987 and the early 1990s, when it begins to produce the new-generation EH101 aircraft, a joint project with Agusta of Italy.

Last year, Westland's sales fell from £325.98m to £296.25m. The decline was wholly in the helicopter and hovercraft division, which fell by £34m to £216m.

Earlier this year, the company said that without the W30, its orders from the UK Ministry of Defence (MoD) over the next few years might drop to 15 per cent of their current level.

There were suggestions in the MoD yesterday that ministers believed the company, as part of its high-pressure tactics to secure the W30 order, had overstated its plight.

Westland said yesterday that its failure to win an order for the W30 from the MoD would be "serious but not catastrophic." The company refused to say whether Westland would seek to improve its offer to India, so that Mrs Margaret Thatcher, the British Prime Minister, could discuss the matter in New Delhi when she meets Mr Gandhi on April 13.

Interview with Rajiv Gandhi, Page 22

Greece to call early election

BY ANDRIANA IERODIACONOU IN ATHENS

GREECE'S Socialist Government is to seek an early general election in June, several months before its four-year term runs out in October. A spokesman said last night that the Government wanted to renew its mandate to tackle critical developments in the Cyprus problem.

The Socialists have faced insistent calls for early elections from the Conservative opposition, ever since last month's presidential elections in parliament. The Conservatives declared the elections unconstitutional, and are refusing to recognise the elected President, Mr Christos Sartzetakis, whose candidacy was backed by the Government.

Prime Minister Andreas Papandreou is to meet the President today, to ask that he set the election procedure in motion as soon as parliament has voted through a Government proposal for constitutional reforms in early May. Given that elections must be held within 30-days of the dissolution of parliament by the President, June 2 or June 9 are billed as likely polling dates.

The Cyprus problem, which has currently bogged down in yet another stalemated United Nations peace initiative, will handily serve as the "national issue of exceptional importance," which needs to be invoked by the President to justify the early dissolution of parliament.

But the Government's reasons for deciding to go to the polls early are judged to have more to do with the domestic political crisis engendered by the presidential election row. Economic Ministers are also said to have recommended an early election to avoid a protracted pre-election period.

Debate on the constitutional reforms, which centre on curtailing drastically the powers of the President, began in parliament last night. The Government defended its proposals by drawing a parallel between the President and the former King, whose conflict with the Prime Minister in the mid-1960s triggered off a chain of events which led to the military dictatorship in 1967.

The Conservative opposition accused the Government of wanting to eliminate a check on its own powers, and leave Greece open to authoritarian rule. The Communist opposition, the third party in the parliament, are backing the Government's proposals.

Reliance on exports 'only threat to German expansion'

By Rupert Cornwell in Bonn

WEST GERMANY'S manufacturing industry faces only one serious threat to continued expansion in the next few months – a potentially dangerous dependence on foreign orders – according to three separate reports on the economy issued yesterday.

The three surveys, compiled by the Economics Ministry, the independent Munich-based IFO research institute and the engineering employers' association Gesamtmetall, all paint a picture of a broad-based upswing in most sectors, but fuelled above all by export demand.

According to the ministry, new orders booked by manufacturing industry – a key barometer to activity in the months ahead – stood 4 per cent up in volume terms in January and February this year compared with the same period last year. But domestic orders actually declined over the year, by 1.5 per cent, leaving the difference to be more than made up by a 13.5 per cent surge in foreign orders.

The same findings are made by Gesamtmetall, covering a sector which, with 3.7m employees, is the single most important in the economy. The association reported yesterday that while overall orders in hand stood 10 per cent higher in January than 12 months earlier, that was predominantly the result of a leap of 25 per cent in business booked from foreign clients of its 19,000 affiliated companies.

Perhaps the most cheering prognosis for the Government comes from IFO. It reckons that output by manufacturing industry as a whole this year might grow by 5 per cent in real terms, the strongest performance since 1979, with most sectors joining in the trend.

Among its individual forecasts are expansion of up to 8 per cent in the engineering and heavy vehicle industries, and of 8 per cent in the output of capital goods by the electrical and heavy electrical sectors.

Export demand is expected to underpin any upswing in many consumer goods sectors, while both foreign and domestic orders are likely to contribute to a growth of 5 per cent in production of the chemical industry.

Many analysts have attributed in part the current steady recovery in the West German economy to the weakness of the D-Mark against not only the dollar but several other leading currencies, which in turn has made German industry extremely competitive. The fear has been that a sharp extended drop in the dollar – as has seemed possible in recent days – might propel the D-Mark upwards and reduce the appeal of the country's goods abroad.

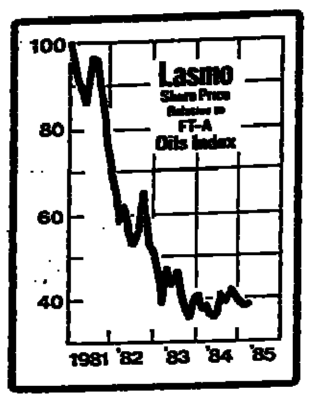
IFO admits that export demand has been a prime contributor to the upswing of late. But while it concedes that the Dollar's unwanted strength has played a part, it argues that the U.S currency has a very long way to fall before the underlying competitive advantage of German producers is seriously dented.

It draws separate hope moreover from the gathering recovery in the world economy at large, which should aid exporters in the months ahead, whatever happens to the dollar.

THE LEX COLUMN

Cutting up ruf at the Bank

Yesterday's quarter-point base rate cut by Barclays and Midland looked suspiciously like a diplomatic attempt to find a middle ground somewhere between the UK Chancellor of the Exchequer, who is wearing a "13 per cent please" badge in his lapel, and the Governor of the Bank of England, whose message appears to be rather different. If the intention was indeed to do neither one thing nor the other, it succeeded admirably. The gilt-edged market took one look at the changes and went out to lunch.



Risk assets

The Bank of England's review of off-balance sheet risk in the banking system comes not a minute too soon. It is plainly illogical that commercial banks should be able to underwrite a commitment in a public market and then treat the ensuing contingent liability as risk-free.

Many banks already make internal calculations about the risk involved in the practice but until now the Bank itself has officially considered these quaintly termed Nifs and Rufs to be as solid as a pound coin.

From the standpoint of the banks, of course, the underwriting habit has all kinds of merits. When capital ratios are mighty constrained, business growth can be developed off-balance sheet and with a minimum of public disclosure. It is far from clear, for example, precisely what constitutes a contingent liability and what does not.

The sums involved are already very substantial, however.

The four London clearing banks achieved a growth in contingent liabilities – excluding acceptances – of about 37 per cent last year, which compares with a growth in advances of about 17 per cent.

The danger with these guarantees, as the Bank is well aware, is that they are apt to crystallise just when nobody else is interested in lending to the client.

The quality of commercial loan books is already being impaired by the growing preference of high-quality corporate customers for the securities markets. It hardly makes sense for the banks to lend money to lower-quality clients and at the same time agree to pick up the tab if the securities industry becomes disenchanted with a blue-chip.

The underwriting practice hinges, after all, on a bank's readiness to take a more charitable view of credit risk than a public market. History shows the banks are not always right.

The Bank's decision to attribute to Nifs and Rufs half the risk weighting of a straightforward advance is most welcome as far as it goes. The problem is, however, that a Nif is intrinsically different from a loan. It is anomalous, for example, to attribute a higher risk to an underwriting commitment for another bank than to an inter-bank deposit. Yet, as of now, that is the position.

The Bank will no doubt tidy up this matter in its wide-ranging review of off-balance sheet items. In order to be effective, however, it will have to act in close co-operation with other supervisory authorities. The last thing the Bank wants is for Nifs to be driven out of London to a beach on some off-shore isle.

Lasmo

The history of Lasmo has been a perpetual scamper to stay ahead of capital expenditure, so that yesterday's one-for-four rights issue should have been no surprise. Even before Tricentrol's exercise in February, Lasmo shareholders must have known that their company could not support such a wide exploration programme indefinitely without new equity; and the vigorous market priming of the last few weeks had the whiff of rights.

In fact, the share price shed 18p to 330p despite a trading performance for 1984 that was all but wholly expected. The market did not reckon with a rights issue so soon after the $44m convertible Eurobond last December and just at the season of traditional worries about the oil spot price. While the rights price is fairly set at an 18 per cent discount, Lasmo may also have gone as little far in punting the Arctusa find – especially as Tricentrol is nowhere near as enthusiastic; the City has fallen for this beautiful name and may be disappointed if she proves fickle.

That said, there is much to justify the rights issue. Lasmo is scarcely desperate for funds by its own highly geared standards and could easily see out the year with a net cash outflow of, say, £40m. But Lasmo's drilling programme last year was little short of spectacularly successful and would cry out for capital expenditure of £150m even at a company less in love with drill-bits. As it is, Lasmo stands a good chance of being cash neutral this year.

Nor is it a bad thing to have something in reserve when the depredations of Mr Pickens and his sort are shaking out some interesting potential development prospects. In the case of Phillips, Lasmo in particularly well-placed as a member of the consortium. Though the dividend for this year is not exactly munificent, there is no long-term reason not to take up rights.

P&O/Ocean

P&O may describe its 8.03 per cent holding in Ocean Transport as a trade investment, but it is not Sir Jeffrey Sterling's policy to hold investments where there is no control. So the inference must be either that P&O is contemplating a further investment in Ocean or that the accumulation of Ocean shares is part of a deeper plan – quite probably leading to a reorganisation of OCL, in which Ocean and P&O are partners.

Whatever the plan, its outcome will hinge on the attitude of British & Commonwealth Shipping, the remaining partner in OCL; not only does each partner have an option to buy OCL should any of the others be taken over, but there is also an agreement no partner should hold more than 50 per cent of OCL directly; indirectly, through Ocean, P&O has now gone over the limit. Since B&C has for some time been reducing its exposure to shipping, and is thought to be a strategic seller of its OCL stake, Sir Jeffrey could have more than one deal to choose from. What seems certain is that OCL will need quite a lot of money invested in it before long; and while neither Ocean nor B&C is an obvious source of the necessary funds, neither is P&O, so long as it lacks control.

BA proposes cash solution to Laker suit

Continued from Page 1

settlement figures put to them by BA in January.

BA might hope for a more sympathetic response from British Caledonian, which has flotation plans of its own. Some of the European airlines involved are scornful of the Morris suit, though, while Pan American and TWA appear reluctant to consider making any award in excess of anticipated legal fees for a full trial.

The payment to Sir Freddie has done nothing to endear the settlement to them. Mr Beckman has been retained by Mr Morris as his U.S. counsel throughout the suit on a contingency fee basis and therefore has a contractual claim on any final out-of-court deal. Sir Freddie, though, has no legal standing in the civil suit.

Nor is the pioneer of the old Skytrain transatlantic service held in much affection by BA's co-defendants. Few have bothered to hide their private distaste for the idea of a pay-off to Sir Freddie.

Eurofranc trading to restart

Continued from Page 1

Apart from signalling a further relaxation of controls, the re-opening of the Eurofranc market is also part of the Government's efforts to reform, modernise and deregulate French financial markets and offer borrowers and investors a wider range of financial instruments.

The Government, which recently introduced Certificates of Deposit (CDs) for the first time in France, is launching financial futures and stock option trading this year, and is proposing to enlarge access to the mortgage market.

Government officials said yesterday that M Bérégovoy was expected to draw up recommendations for the reform of the mortgage market in the next two months.

The decision to reactivate the Eurofranc market is also seen as a goodwill gesture from Paris before the EEC finance ministers meeting this month in Palermo.

The French Government, by showing its willingness to continue with its policy of gradual exchange control relaxation appears to be hoping to win West German concessions to bolster the use of the Ecu.

The French banking system would ideally like the Eurofranc market to be completely open but the French Treasury is expected to try to maintain a tight control of it.

British Aerospace sale may raise over £600m

BY MICHAEL DONNE IN LONDON

THE FORTHCOMING combined sale of the UK Government's remaining 48.43 per cent stake in British Aerospace, together with BAe's own offering of new shares, is expected to raise more than £600m ($720m) for the 146.85m shares involved.

The Government's offering will amount to just over 96.85m ordinary shares at 50p, with BAe itself issuing 50m new shares, raising the company's issued share capital by 25 per cent.

The precise offer price will be announced close to the sale date in early May, but at yesterday's price of 412p, the Government would gain about £400m, and BAe just over £200m.

Sir Austin Pearce, chairman, commenting on the preliminary prospectus issued yesterday, said that BAe did not need to raise money for itself immediately but had been advised that it ought to do so alongside the Government's own share sale.

The full report of BAe, also issued yesterday, confirms that pre-tax profits of BAe in 1984 amounted to £120m (against £82m in 1983), on sales of close to £2.5bn (£2.3bn in 1983).

See Lex

Europe in line for big defence contracts

Continued from Page 1

cal consortium up to 60 per cent in the production work on the Rolling Airframe Missile (Ram), a joint German, U.S. and Danish ship-based anti-missile venture. The U.S. is also thought ready to begin placing large orders for tank tracks made in Germany.

The Ram project, in which Bonn and Washington each have a development share of 49 per cent, with the Danes making up the rest, is now in an advanced state of development, with General Dynamics of the U.S. as lead developer.

The Pentagon, however, is thought to be concerned at cost and time overruns on the project and Herr Wörner has won agreement in Washington that the memorandum of understanding on production will provide for General Dynamics to bid against a German consortium for the bulk of production work. The lower bid would win some 60 per cent of production.

The West German argument has been that the missile could be built more competitively there, by a consortium comprising AEG, Diehl, Bodenseewerke and Messerschmitt-Bölkow-Blohm, which was established in January. The U.S. Navy is thought likely to order up to 10,000 of the missiles, with the West Germans needing fewer than 2,000.

Giving the bulk of the work to Germany, although the U.S. is the main customer, would represent something of a breakthrough in Bonn's attempts to reduce the imbalance in arms co-operation between the two countries. Bonn currently buys 10 times more military equipment from the U.S. than it sells there.

West German armed forces chief Wolfgang Altenburg yesterday defended the practice of giving most troops the weekend off, saying he ruled out the possibility of a surprise Soviet attack on a Saturday or Sunday, Reuter reports from Bonn. "I already know on Thursday evening if there is going to be a war at the weekend," Herr Altenburg said in an interview with the weekly magazine Stern. Most of West Germany's 495,000 servicemen work what is effectively a five-day week. Critics of the system argue that in the past most major wars have begun with surprise invasions launched on a Saturday or Sunday. Herr Altenburg argued that Western intelligence would give ample warning of an impending attack and that the Soviet bloc would in any case need time to mobilise its forces.

UK toughens bank rules on Euronotes

Continued from Page 1

lished voluntary standards to ensure that their capital cover is adequate for Euronote business.

The question of contingent commitments has been taken up internationally by the so-called Cooke Committee of central bankers and agencies responsible for supervising the activities of banks that meets at the Bank for International Settlements in Basle.

The U.S. Federal Reserve is known to be considering the need for guidelines similar to those introduced by the Bank of England, but some bankers say the Bank of Japan has been hesitant.

The Bank of England's concern is that banks are participating in note issuance facilities on the assumption that their underwriting pledge will never be called on.

The attraction for banks is that they collect fees from the business without having to set up space for it on their balance sheets. Borrowers know they will be able to roll over maturing short-term paper issues, effectively obtaining medium or long-term funds at cheap short-term rates.

Though outstanding facilities total about $35bn, only $7bn is actually drawn. This has created an overhang which could strain financial markets

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	16	61	Dubrovnik	F	19	66	Malaga	S	23	73	Salzburg	F	17	63
Akrotiri	S	19	66	Faro	S	21	70	Malta	F	18	64	Seoul	R	8	46
Algiers	S	23	73	Florence	S	20	68	Manila	S	34	93	Singapore	F	33	91
Amsterdam	S	17	63	Frankfurt	S	17	63	Miami	F	21	70	Stockholm	S	6	43
Athens	S	18	64	Funchal	S	21	70	Milan	S	18	64	Strasbourg	S	19	66
Bahrain	C	31	88	Geneva	S	13	55	Moscow	S	9	48	Sydney	R	25	77
Bangkok	S	34	93	Gibraltar	S	19	66	Munich	S	15	59	Taipei	C	21	70
Barcelona	S	17	63	Guernsey	S	12	54	Nairobi	—	—	—	Tangier	S	23	73
Beirut	F	18	64	Helsinki	C	2	36	Naples	F	20	68	Tehran	—	—	—
Belgrade	F	19	66	H. Kong	C	20	68	New Delhi	S	34	93	Tel Aviv	F	18	64
Berlin	C	12	54	Innsbruck	S	17	63	New York	F	9	48	Tenerife	S	29	84
Biarritz	S	[illegible]	51	Inverness	F	13	55	Nice	S	15	59	Tokyo	C	19	66
Blackpool	R	11	52	Istanbul	S	11	52	Oporto	F	19	66	Toronto	F	7	45
Bordeaux	S	23	73	Jersey	S	15	59	Oslo	C	5	41	Tunis	F	17	63
Brussels	S	18	64	Jo'burg	F	23	73	Paris	S	19	66	Valencia	S	29	84
Budapest	S	17	63	Las Palmas	S	28	82	Prague	F	12	54	Venice	S	18	64
B. Aires	F	26	79	Lima	F	25	77	Reykjavik	C	5	41	Vienna	C	15	59
Cairo	S	25	77	Lisbon	S	21	70	Rio de J'o	S	35	95	Warsaw	C	12	54
Cape Town	—	—	—	Locarno	C	18	66	Rome	S	16	61	Zurich	S	16	61
Caracas	C	28	82	London	S	18	64								
Casablanca	S	25	77	Los Angeles	S	36	97								
Copenhagen	C	8	46	Luxembourg	S	16	61								
Corfu	S	19	55	Madrid	S	21	70								
Dublin	S	15	59	Majorca	S	18	64								

Readings at mid-day yesterday:

C–Cloudy D–Drizzle F–Fair Fg–Fog R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder H–Hail

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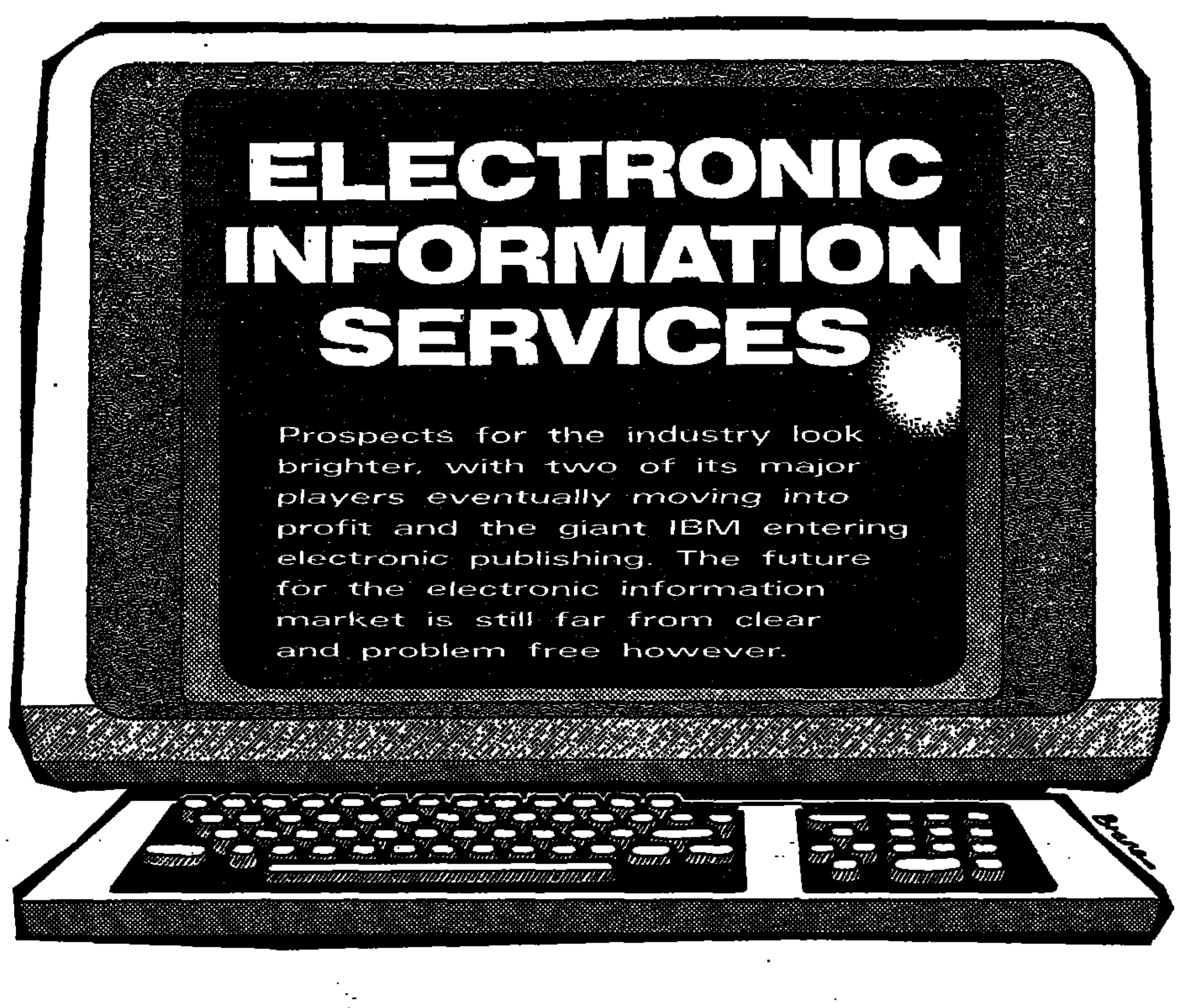
FINANCIAL TIMES SURVEY



Contents

Confidence strongly back on line

BY ALAN CANE

NEW optimism is lifting the
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vices, companies which dis-
ninate computer-held infor-
tion to customers' desk
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Among the factors which
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ad Data Central, are at last
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Most significant, last year
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company which tends to set
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Sears, Roebuck & Company
CBS to provide a videotex
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ast month IBM and Merrill
ch announced that this new
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had signed an agreement
Equatorial Communica-
s Company for financial
to be transmitted to users
he IBM personal computer
Equatorial's satellite trans-
ion services.

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lerate is expected soon to sign an agreement to supply data to the IBM and Merrill Lynch venture.

Financial projections support these bullish moves. In the U.S. the market for online databases was estimated at only \$1.5bn in 1984 but is expected to grow to \$5.0bn by 1987.

The consultancy International Resource Development forecasts the entire U.S. electronic information market will be worth \$10bn annually by 1990. Most of this growth will be at the expense of printed information, according to Communications Trends Inc. It suggests that electronic delivery of business information will replace 11 per cent of print distribution in the U.S. by 1988.

Annual growth rates of between 25 and 30 per cent are expected for the European on-line market. In 1983, turnover was estimated at \$700m; the *\$1bn mark is expected to be* passed by 1985.

So there has been a sea-change from the late 1970s when the EEC sponsored Euronet *Diane*, a Europe-wide packet switching network covering some 300 scientific and technical databases, to counter the threat presented by large U.S. on-line vendors such as Dialog, SDC and BRS.

Euronet was absorbed into the European telecommunications authorities' interlinked data networks and ceased to exist in December 1984.

Europe is still, most consultants believe, some five years behind the U.S. in on-line information services. This is giving some European observers, who see control of this basic business asset moving inevitably westward, cause for concern.

It would be wrong, however, to assume that the future for the electronic information industry is clear and problem free.

In retrospect, it is easy to see why there was so much enthusiasm for electronic information services in the early days—and why that early promise has taken so long to show signs of fulfillment.

It seemed obvious that there would be a ready market for instant information. What was not so obvious was how difficult it would be to determine what sort of information was of such value and so perishable that customers would pay high prices to have it delivered electronically.

Financial information certainly fits the bill; the remarkable success in the past few years of Reuters, Telerate and Quotron, all of which are showing substantial profits from the electronic dissemination of *financial data*, bears ample testimony to this.

Reuters, for example, realised in 1971 that fluctuations in currency exchanges had to be *monitored as quickly as possible.* Its "Monitor" service was established to provide information of the movement of currencies on a 24-hour basis; *now the service has extended to* include commodities, shipping, equities, bonds, gold and oil.

According to a recent study of the European information industry carried out by Business International of Geneva: "Reuters spends most of its research and development funds on markets, then purchases state-of-the-art technology to supply the markets with a service *which soon becomes indispensable.*"

Reuters' pre-tax profits last year were \$86.2m on revenues of \$363m. Its services now reach *over 15,000 subscribers in 74* countries.

Telerate is based in New York and is Reuters' biggest rival in the U.S., although it is *49 per cent owned by the UK* money-broking group Exco.

It now has some 14,000 terminals in place in the U.S. Its 1984 figures were spectacular, \$58.7m profit on revenue of \$114m.

Extel Computing, a part of the Extel group in the UK which provides on-line the "tools" for financial analysis—Exshare, for example, which provides raw *data on shares for backroom* analysis, says its profits from electronic information are very strong.

IBM and Merrill Lynch are *not the only big league players* to show interest in such glitteringly profitable operations. Mr Walter Wriston, former chief executive of Citicorp, *parent company of the* largest bank in the U.S., has said that the organisation intends to become a principal competitor in the distribution of financial data-base services world-wide.

What has become increasingly apparent is that there is a lively market for financial information services at *budget levels* far below those met by the big companies like Reuters, Telerate or Unicom.

For example in the UK market, Mr Christopher Sharples, managing director of Prestel *CitiServices*, the "poor man's Reuters" says: "Business has suddenly started to explode.

"There were 600,000 accesses in October, 1.25m in November *and 1.90m in January.*"

The service is based around the British Telecom Prestel service which as Mr Sharples says is "beginning to shake off its grotty image."

Started in 1980, it is now an all-round financial information service covering securities, foreign exchange, money markets and futures markets, together with historical data, news and market commentary, graphics, technical analysis and so on.

It is neither as comprehensive as Reuters nor as fast, but for CitiService's chosen market, that hardly matters.

It is aimed at the smaller user, company or individual, that finds the £5,000-£15,000 a year for electronic information from Reuters, Telerate, Quotron or Datastream too expensive.

Mr Sharples's customers spend typically £250-£500 a year for a service which provides all they need at 5p a page.

Now it even offers a "telebroking" service whereby clients can buy and sell shares through an electronic "gateway" or link between the Prestel computer and CitiService's *own* computer.

If the future for money-based services has always seemed secure, there is a new optimism for textual on-line *information as a direct result* of the spread of professional personal computers, some 60m of which are expected to be installed in the U.S. by 1987. *Over half of these will have the* necessary electronics and software to enable them to be linked to databases.

Consultants estimate that general interest databases services like the Dow Jones News Service, *Mead Lexis, Compuserve* and The Source will grow annually by 76 per cent to reach \$178m by 1987.

The same pattern is likely to evolve in Europe, although more slowly—especially as telecommunications authorities' telephone line tariffs were established to recoup investment from transmitters of data rather than text.

Nevertheless, the Commission of the European Communities has helped to establish ten projects in electronic publishing including electronic newspapers and magazines.

The largest international news and current affairs *service* in the UK, World Reporter published by Datasolve and developed in conjunction with the BBC, is now available in the U.S. where the chief competition is Mead Data Central's Nexis service (which now distributes the New York Times' database).

What seems the most likely next step is the merging of financial information and general news mediated by the use of computer-based artificial intelligence.

Such a system in embryonic form is illustrated by Unicom's Delta Trading System which enables users to manipulate data to help make decisions on trades.

Such a combination, not only bringing all the apposite information to the user's desk but presenting also the means to *analyse it in unlimited different* ways, is likely to change the whole nature of the on-line business. There would be no doubt about the value of the information and no qualms over paying the price to get it.

Lack of standardisation a problem

Technology

ALAN CANE

THE electronic business information industry is suffering the technological pain inevitably associated with dramatic growth and comparatively unplanned responses to immediate market demands.

The cause is a complete lack of agreed standards, a situation seemingly fostered by some suppliers in the hope of maintaining a marketing advantage.

The symptom, from the users' point of view, is a proliferation of incompatible information lines into the office and a proliferation of screens on the desk top to handle them.

The ideal number of screens is clearly a matter for debate—in London bank dealing rooms, for example, three seems to be the preferred number for foreign exchange dealers. Most people would agree that it is essential to have more than one screen. Proliferation, however, brings its own problems.

These include the cost, both of the terminals and the leased lines used to carry the information from the provider to the user, the space occupied by the equipment and difficulties generated for the individual user who has to remember a separate set of operating methods for each screen.

So the major technological argument turns around basic standards and the need to reduce the number of screens or terminals on any user's desk.

The second problem is the lack so far of a powerful voice and data telephone network able to handle text and information at an adequate speed. As Mr John Roddy of Mandarin Communications puts it: "Conventional voice band frequency shift keying is simply not an appropriate transmission medium for this kind of information."

Companies like Reuters avoid this difficulty by transmitting information only over leased lines; speeds of up to 9600 baud can be achieved which are fast enough—but expensive for the user.

The start of British Telecom's voice and data network, however, is expected in the next few months which should eventually resolve this difficulty.

A third problem which affects the publishers of legal and medcial information essentially culled from outside sources rather than Reuters or Telerate —which essentially disseminate their own information—is the lack of common standards for the preparation of data for electronic publication.

It means one of two processes —rekeying data presented either as the printed word or as electronic data in a foreign format, or the use of a reading machine able to convert text into computer readable form.

Datasolve, a subsidiary of Thorn EMI, for example, which publishes "World Reporter," a computerised information service, which makes it possible for customers to retrieve the full text of the Financial Times and the Guardian among a host of other information, uses the latest Kurtzweil scanner to help feed in some 60,000 words every day.

Just as a lack of standards in conventional data processing has led to the emergence of "protocol convertors," hardware devices which change data from one format to another, so in electronic publishing, bureaux have sprung up which, for a fee, will convert text or data from one format into a format compatible with the publisher's transmission system.

Mr Ray Hoare, development manager for Telerate in Europe, the Middle East and Africa has pointed out that two solutions have emerged over the past few years to the problem of providing easily read and up-to-date information which is updated readily.

First, the advent of the programmable keyboard. Second. the "digital feed."

The programmable keyboard enables various services to be accessed from a common keyboard—the microprocessor controlling the keyboard is programmed to look like the individual keyboards of the services that have to be retrieved.

The digital feed collects, combines and manipulates the information from a number of individual services. As Mr Hoare puts it. "The reason that Reuters, Telerate, Datastream, Topic Quotron and the rest are all used at a particular desk position is that none of them offers all the available information."

"There seems no likelihood of this position changing dramatically in the immediate planning timescale. Consequently there is considerable interest in looking at data from one or more Telerate pages in conjunction with data from one or more pages of data from other sources."

"The vendors already create their own composite pages, but it is clearly desireable for users to be able to create their own multi-vendor composite pages."

So there are two trends—to reduce the number of screens on the user's desk and to make it possible to mix and match information from a varie., of sources on the screens.

Mr Hoore, speaking at a seminar organised by Aregon, a company specialising in data feed management using videotex techniques, said Telerate's own protocol (SOP) made it possible for customers to create composite screens, but he warned that it was not a job for the amateur.

"Our experience suggests that the job of interfacing to and distributing our data feed requires two skilled people working for about four months."

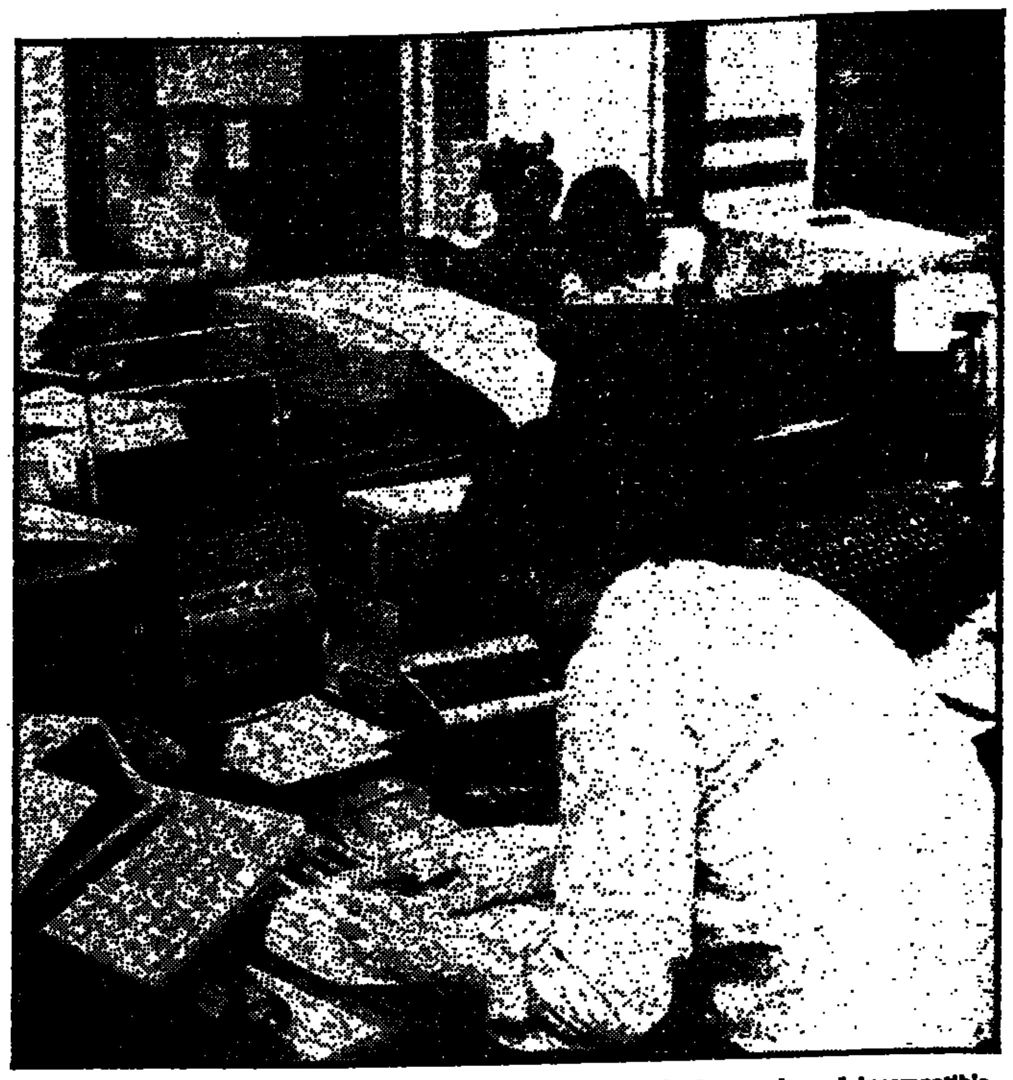
Mr Roddy of Mandarin, a sister company to Aregon, suggests that one answer is a network of intelligent terminals linked to service devices functioning as handlers for the information services. It is an attractive solution but expensive, especially where more than 100 terminals are linked.

Another solution is the use of a wideband video switching technique, which allows simplicity of selection and instantaneous display.

Its drawbacks are the selection and retrieval techniques which are expensive in terms of system resources.

Mr Roddy argues the merits of a system Aregon has installed at the Bank of England and based on videotex technology: "The basic concept is that of a videotex system modified to permit dynamic update at levels lower than the full page interfaced to a series of software based services handlers."

The problem of integrating electronic publishing services will face all businesses sooner or later; competition from faster moving companies will ensure this. It remains to be seen if companies like IBM or AT & T can bring order to this situation by imposing standards from outside.



The fight for desk space, with the number of incompatible information lines coming into the office making for a proliferation of screens

Tapping into a market of growing potential

Electronic Publishing

JASON CRISP

AT THE tap of a few keys at a terminal, the researcher can flash through years of stories in some of the world's leading newspapers and magazines.

For in addition to being published in thetir conventional paper form, most leading English-language newspapers are now available on computer databases.

Most of the major U.S. papers like the New York Times, the Washington Post, and the Wall Street Journal have been on such databases for four or five years. More recently British papers, such as the Financial Times and The Guardian, and other publications like the Japan Economic Journal have started appearing in the computerised form.

Such electronic publishing represents a minor and peripheral activity which scarcely impinges upon the main business of producing and distributing a newspaper. But publishers are looking further ahead and wondering whether the ability to view their product on a computer screen will affect sales or the advertising revenue of the paper version.

Companies like Dow Jones Information Services, Mead Data Central in the U.S., and Datasolve, part of Thorn EMI, in the UK, are looking for substantial businesses in electronic publishing.

No one is seriously suggesting that electronic publishing will mean the end of newspapers and magazines in the foreseeable future. The printed word has the advantage of being widely and easily available, portable — unlike a computer terminal — and much easier to read or scan through.

The rapid growth in the number of personal computers in the U.S. has begun to open up much wider opportunities for electronic publishing. Most of this activity has occurred in the U.S., partly because of the technology used in the publishing industry there.

Vast databases

For example Mead Data Central, publisher of Nexis and Lexis, which has vast databases of published information, takes the photocomposition computer tapes used by magazines and newspapers in the U.S. and electronically transfers the information to its own computers.

Most newspapers in Britain are not written or set by computer. It means that the published stories have to be entered into the computer. This can either be done by using Optical Character Recognition (OCR) equipment which "reads" the newspaper or by manually retyping on a terminal.

In practice papers which do not exist in computerised form are usually retyped because of the considerable technical problems which still exist with OCR equipment. The retyping is typically done in low-wage countries such as Taiwan, the Philippines and South Korea. The disadvantage is the time it takes to get a newspaper on to the computer database.

Electronic publishing is not just restricted to newspapers and magazines. There are already large databases consisting of reference works such as the Official Airline guide published as a book by Dun & Bradstreet also available on several databases.

Read by laser

Many book publishers on both sides of the Atlantic are very interested in the possibilities of producing material both on computer databases and video-disc systems. Optical disc systems such as Laservision developed and sold by Philips can store huge amounts of information. The systems were first developed to show pre-recorded films on a television with the information stored on a silvery disc which is read by laser.

Already Philips and several Japanese companies are selling document storage systems to business which can keep records and other information on optical discs. These are very expensive but work is also being doine to put encyclopedias, reference works and educational books on domestic video disc systems.

The great attraction of publishing on video-disc is the ability to link it with a personal computer and create inter-active programmes. An example, developed by Thorn EMI for the rival VHD videodisc system, is a programme on car mechanics. The programme shows pictures — both moving and still—of parts of the car. More important it can take the amateur mechanic through fault finding programmes by asking questions and then showing how to repair it.

The personal computer has become the key to the expansion of electronic publishing — both for business and, to a lesser extent, for the home.

The widespread use of personal computers in business and homes in the U.S. and UK provides an ideal terminal for databases and particularly important stimulus for electronic publishing.

In Britain Applied Computer Techniques has recently launched a package called Communique on its Apricot range of computers which makes it easy to gain access to a number of databases.

Communique, costing £395, consists of software and a built-in modem which enables someone to use the Apricot personal computer to be linked to databases like Extel, Textline, Dun and Bradstreet, Datastream and Pergamom Infoline.

In the U.S. Mead Data Central has recently formed a new group to speed the links between its databases and personal computer users. Until the end of 1983 Mead subscribers were linked to its databases through a leased dedicated terminal. Now subscribers can use personal computers and terminals from companies like IBM, Apple, AT&T, Wang, Xerox, and Televideo.

The combined effects of the rapid growth in personal computing, the improvement in comunications and the rapid expansion in the availability of databases means electronic publishing is set to become an important industry in its own right.

Determined steps to accommodate corporate demand

Company Searches

GORDON CRAMB

COMMERCIAL credit searches, needed by a supplier or credit backer presented with an order from a company with which it might not have had previous dealings, have long been able to be undertaken by a telephone call to one or other of the organisations serving as storage centres of data on past payments.

These days, however, the 'phone call is increasingly being made through a computer modem to interrogate an online database.

The past six months have brought the arrival online of several such databases in the UK, much the same in scope and each the subject of intensive marketing promotion. In many cases their emergence has been as an adjunct to status clearance operations covering individual consumer credit.

"Instant credit" via electronic access has been a fact of high street retail life for some years, but its extension to the corporate sphere has come slowly and sporadically. The present flurry in establishing online companies databases signals a realisation within the business information industry that for economic recovery — led as it has been by a consumer spending boom — to take hold fully, wholesale suppliers will need to become just as responsive to incoming orders.

Credit checking is not the only application to which the new databases lend themselves: the ability to isolate businesses of a particular size, range of operations, or geographical location also allows companies undertaking post-recession expansion plans to explore potential new customers, suppliers, or even acquisition targets.

These are acknowledged by the information providers concerned, however, as being secondary uses for the bulk of their customers. Even with the core function of clearing corporate creditworthiness, moreover, the field of regular users is narrowed somewhat by the fact that the biggest players find little need to become involved.

Mercantile Credit, the finance house subsidiary of Barclays Bank, says that while it is a major and willing user of consumer records available online, for its dealings with industry and commerce it would prefer to maintain its own independent operations.

It has its own person on full-time duty at Companies House, feeding it with any information it needs on registered accounts, while for further data its representative would simply go directly to the company in question. It draws on external databases "only as a fallback, in the last resort."

> Credit checking is not the only application to which new databases lend themselves. The ability to isolate businesses of a particular size, range of operation, or location also allows companies undertaking post-recession expansion plans to explore potential new customers, suppliers or even acquisition targets.

A more typical user is Medens Trust, a long-established but smaller finance house based in Brighton and dealing mainly in motor credit.

Medens, owned by the merchant bank Brown Shipley, underwrites 2,000 to 3,000 hire purchase transactions a month — as could be expected, a high proportion of these are for individual applicants, but it does undertake an average of 50 commercial searches at each of its branches every month, amounting to "several hundred in all."

The figures are working estimates of Don Smith, Medens' credit director, who has just commissioned a detailed study within the company about how long it spends connected to the two search databases it uses and how fruitful its inquiries prove.

Medens uses both UAPT Infoline, brought online last September by the non-profitmaking United Association for the Protection of Trade, and CCN Systems, a division of the Great Universal Stores group which last July took over the Manchester Guardian Society and put in place a viewdata line for its credit databank.

The aim of the study is cost control, also a factor motivating the links to two systems which Mr Smith sees as "in direct competition, with services very similar to one another."

The cost advantage he sees in CCN's service, described by the provider as one of the largest private viewdata networks in Europe, is that access can be gained through any of its more than 20 centres around Britain. Because of this, telephone call charges can often be at the local rate.

For Infolink, Medens uses Whisperwriter teleprinters, which embody a modem and can store a batch of different status requests in advance. "Having got 10 or 20 on board, you can ring up UAPT. It immediately feeds in your inquiries, and someone doesn't have to be there to watch it all the time," says Mr Smith.

The information providers are acutely aware of this level of cost-consciousness on the part of their clients, as well as the very varying volumes of use.

Charge structures are as a result biased towards a pay-as-you-use basis, and annual subscription fees account for a relatively small part of their revenues. High frequency users can often win entitlement to a discount on these where they exist.

Medens came to Infolink through its long-standing membership of the UAPT organisation. Its association with CCN is more recent and its use of the system is "still on an experimental basis," Mr Smith says.

But he expresses satisfaction with the quality of the data provided by each service as well as the format in which it is presented — an aspect which the providers generally have been at pains to simplify as far as possible.

The online data by no means offer a full enough account of a company's standing to satisfy the enquirer in all cases — for the majority of the 1m or more UK businesses on file, information immediately available will not extend far beyond the public records, although by a process of gradual accumulation this is being redressed.

Many of the organisations do also offer customised services where a user can commission what CCN, for example, calls a business intelligence report — sending its staff out to research a company where the deal under consideration involves either substantial amounts of credit or a long-term contract.

But for the most part, as Mr Smith puts it: "It is really the speed at which one can get some initial information that is important. A full report can be obtained subsequently if needed, but generally we have the confidence to proceed."

The specific need when Medens makes an online request is for an alert to what he describes as "any adverse experience with another finance house," and Mr Smith sees this as one of the strengths of the UAPT information sharing principle, where searches requested in the past by other users can be made available to him.

He acknowledges, though, that manufacturing companies might find more useful a more industrially oriented service such as that provided by Dun and Bradstreet, which Medens has used in the past. D & B's Dunsprint facility came online last October, designed to be compatible with its existing U.S. service and part of a planned European-wide database.

Datastream, acquired by D & B last year, has an entirely separate companies database. Both carry details of financial history, structure and trading activities although Dunsprint is shortly to extend its payments coverage with a credit scoring system drawn from information provided by suppliers of goods —another concept pioneered in the consumer credit market.

As yet, D & B has no definite plans to link the two services, and joint data collection remains merely a possibility. The attitude mirrors that of the industry as a whole — one of reluctance to create new upheavals in systems so recently established and still far from saturation in sales terms. Few if any have a customer list numbering much beyond 10,000.

The most recent entrant is Jordan and Sons, which last month brought its JordanWatch database online through Pergamon InfoLine, a system which acts as host to a range of business databases.

JordanWatch extends in scope to all UK limited companies, and includes the additional sophistication of a monitoring function which provides an on-screen alert to changes announced at any predetermined company.

For the business information providers themselves, the changes which have been announced over the past months have been determined steps to accommodate the need for instant access. As a result, an industry has emerged which is at once diverse, highly competitive, and covering much the same territory. It may not take many more years before the logic for a greater pooling of information begins to intrude.

U.S. ELECTRONIC DATA BASE SERVICES BY FASTEST GROWTH OF CUSTOMERS

Company	Service	1/10/1984 (Number of customers)	9 months' growth %
VU/Text (Knight Ridder)	VU/Text	800	627
General Videotext Corpn	Delphi	5,000	203
Official Airlines Guide (Dun and Bradstreet)	OAG Electronic	18,000	150
NewsNet (Ind Publictns)	NewsNet	6,900	130
Int Thomson and BAI	Innerline	2,411	84
Dialcom (ITT)	Dialcom	80,000	74
CompuServe Inc (H and R Block)	CompuServe	145,000	56
Agridata Resources (Raintree Publishing)	AgriData Network	19,000	46
Dun and Bradstreet	Dunsprint	16,000	39
Dow Jones and Co Inc	News/Retrieval	164,000	38

Source: Knowledge Industries.

U.S. ELECTRONIC DATA BASE SERVICES BY GREATEST NUMBER OF SUBSCRIBERS

Service	Number of subscribers October 1 1984
Dow Jones News/Retrieval	164,000
CompuServe Information Service	145,000
Dialcom	80,000
Financial Information Services/Quotron	72,696
The Source	60,000
Dialog	53,000
Prestel	48,000
Reuters Monitor	44,000
Financial Control Services/Equifax	35,000
Market Division System 7/Telequote	30,000

Source: Knowledge Industries.

SERVICES SUPPLIERS, starting with one of the most widely used U.S. systems

A secure place in computer history

The Source

LOUISE KEHOE

"THE SOURCE" holds an important place in personal computer history. Its roots go back to the days when personal computers were the toys of electronic hobbyists. Founded by William F. Von Meister, an entrepreneur in the telecommunications field, The Source became the first personal computer accessed "information utility."

Over the past five years The Source has grown into one of the most widely used computer information services in the U.S. Latest available figures show it had 60,000 members as of last September, with the number growing at a moderate rate.

For the "old timers" of personal computing, The Source represented a medium for inter-computer communications. The system is still widely used as a means of transferring files from one personal computer to another, whether to overcome the aggravations of incompatibility between different personal computers or to transfer data from one location to another.

Another popular feature of The Source is its electronic conferencing system, called Participate. Using Participate groups with common interests —whether they be co-workers in distant locations or a personal computer "user group" —members can hold discussions to which every participant can add his "ten cents worth" as and when he chooses.

Like its competitors, compuserve and Dow Jones News Retrieval, The Source offers a variety of "news" services. The most comprehensive is United Press International's wire service. Users can tap into UPI reports selecting a geographical region, subject matter or date. News items are stored in the system for about a week. Top news stories from around the world can also be obtained on The Source from the Videotex service of Associated Press.

Computer shopping, via Compustore on The Source, is "electronic mail order." Whether the system offers any real advantage over conventional mail or phone order catalogues is debatable, but the novelty certainly seems to be attracting users.

A real need is however fulfilled by the "official airline guide electronic edition." Business travellers in particular are tapping into The Source to take advantage of this new data base.

The user simply types in his origin and destination to call up a list of flights and air fares. The system was recently extended to cover overseas travel as well as U.S. domestic flights.

The source is also at the centre of the competition to attract home computer investors — individuals who use a computer to make stock transactions. Investor services available on The Source include real time stock quotes, instant transactions managed by Spear Securities, a Los Angeles-based independent brokerage firm, and on-line portfolio updating.

The challenge facing The Source, and indeed all such information services is, however, to prove themselves indispensible to a sizable group of customers. Currently it is much cheaper, and often easier, to find information using conventional libraries.

As a result, the most lucrative aspect of The Source has been its sale of subscriptions, rather than subscribers' on-line usage. Source members pay a U.S.$50 registration fee and a minimum charge of $10 per month to maintain their membership, even if they do not use the service.

Once on-line, users pay between $7.75 per hour for non prime time to $20.75 during business hours. Premiums are charged for certain business-related databases.

● Other providers are profiled on Pages 4, 5 and 6

Electronic Information Services 4

More acquisitions likely in search for growth

Reuters
RAYMOND SNODDY

AT THE end of last year Reuters, the international news and business information company, had a total of 19,477 subscriber contracts for its range of business services and 47,631 video screens in operation.

The latest sign that Reuters is a restless company on the move came earlier this month with the announcement that the company will market the Instinet equity trading service outside North America.

Instinet is a computer system which provides continuously updated market information, as well as automated trading of equities and other similar financial instruments.

The deal could lead to the creation of an automated trading system embracing stock markets around the world.

Reuters already provides a dealing service—complete with paper printout when a deal is struck—for currency, bonds and bullion dealers.

Mr Glen Renfrew, Reuters managing director said at the time: "The agreement with Instinet will help to strengthen Reuters presence in the international equities market. It links a growing service, backed by some of Wall Street's largest retail brokers, with Reuters worldwide communications network."

The relationship with Instinet comes less than a month after Reuters agreed to buy, for around $57.7m, Rich of Chicago, the designer of communications systems for financial trading rooms.

At the heart of the Rich system is a single console which controls financial information from many different sources and the purchase gives Reuters further control over advances in the receiving hardware, as well as the provision of the information itself.

Last month Reuters declared profits before tax for 1984 which were up by 34 per cent to £74.3m. And Mr Renfrew makes it clear that the company is looking for further acquisitions. At the end of the year Reuters had £84m in cash should it find the right purchasing opportunities.

Reuters is clearly looking seriously at data bases in areas close to its main interests in financial and business information.

At a less dramatic level than acquisitions, Reuters has been gradually extending its services. The Eurobond database launched last year was seen as the first of a family of financial information services which will add elements of historical data and calculation to "instant news."

"We are always looking at new products and new ways of enhancing the products we are already selling," says Mr Robert Etherington, Reuters money markets manager.

The company is planning to add graphics and more analysis facilities on commodities.

Talks are also being held with the banks on the possibility of setting up a Libor service (London Inter Bank Overnight Rate).

On the floor of the London Stock Exchange when Reuters went public. Mr Nigel Judah, group finance director (second from left), Sir Denis Hamilton, chairman, Mr Glen Renfrew, managing director, and Mr Michael Nelson, deputy managing director and general manager

Shortcut to obtaining background material

Finsbury Data Services
RAYMOND SNODDY

WHEN Tim Brooks and Ron McKay started planning the launch of a new trade magazine covering the media, lack of background information was clearly a problem.

"We started keeping cuttings from last October but really we had no library and no memory," says McKay, executive editor of Media Week which was launched on February 5.

A librarian advised them to avoid cutting up bits of paper and subscribe instead to an on-line service.

Now the magazine has a memory in the form of a terminal from Finsbury Data Services which provides Textline-unlimited business and political information for an annual fee of £6,850.

"We couldn't get a librarian for that and information available goes back more than five years," says Ron McKay.

Finsbury is giving the magazine instant access to the sort of comprehensive background information from all over the world that the small journalistic staff of eight could not easily match in any other way.

"Do you remember when the London Evening News closed?" Ron McKay asks. He needed to know for an article on Rupert Murdoch's planned new London evening paper The Post. Textline came up with more than 20 references.

Mr Graham Blease, chairman of Finsbury Data is not surprised by such testimonials.

"It's very useful for small businesses. For a modest sum you effectively acquire a vast library," Mr Blease comments.

His customers range from such small new companies, through medium-size stock broking firms, to some of the world's largest corporations and institutions.

Finsbury, which was set up in 1979, is owned by three UK financial institutions — Scottish Northern Investment Trust, Scottish Amicable Life Assurance and British and Commonwealth Shipping. They see it very much as a long-term investment.

Finsbury runs two other services apart from Textline-Newsline which gives summaries of that day's national and international news and Dataline, an on-line corporate financial analysis service. Newsline costs £1,000 a year and Dataline £750.

In the past few months Finsbury, which now has an annual turnover of more than £2m, moved into a trading profit for the first time.

"We started with a five year plan which saw us being in this position about now," says Mr Blease who has been involved in electronic information systems for more than 20 years.

"There have been times when business was slow but people are coming to terms, in what is a traditional area, with a new mode of information retrieval," he adds.

Finsbury now has more than 1,000 subscribers and the growth rate has been around 30 per cent a year.

Most of the subscribers are organisations or companies. They range from the Moscow Narodny Bank to the House of Lords, Cadbury Schweppes and Westland Helicopters to Lehman Brothers and Edinburgh City Library.

But it is possible to get into the database with an IBM personal computer rather than having the Textline terminals. Instead of the annual subscription customers can choose to pay £70 an hour on a use basis.

Finsbury has many tales to tell of subscribers who have found what they wanted from the database. One British financial institution needed to find out about emeralds as quickly as possible. The database, which is held on Digital Equipment computers, turned up 53 items on emeralds including one on an emerald find in Afghanistan.

A woman executive at Monsanto in the U.S. due to have a meeting with a German company, researched it using Finsbury and tells glowingly how she was the only one at the meeting who knew about the potential customer.

If you ask the database — for example — for any items on BP covering past three months 345 are offered within about three or four seconds.

Textline information comes from sources such as national newspapers, press releases, corporate financial reports and brokers surveys. Apart from English it is published in French, German, Italian, Japanese, Spanish and Danish.

Finsbury is about to launch four new categories on the database — finance, property, insurance and consumer goods. Further categories to provide a better service for industrial and commercial clients will probably be added later.

As Finsbury Data steps up its marketing effort in Europe and the U.S. Mr Blease sees no reason why the present growth of his electronic information services should not be sustained.

Strength lies in depth of data

Mead Data Central
JASON CRISP

IF YOU were to try and read all the information contained on Mead Data Central's databases — and spent eight hours every day doing so — it would take 450 years, providing no further information was to be added. Put another way, if all the information was printed out on paper it would form a stack 35 miles high.

Every day more and more information is being fed into Mead's huge computer facility in Ohio. According to Mr Jack Simpson, president of Mead Data Central, some 280m characters (letters or figures) a week are added to the database which now contains nearly 82bn characters.

The information pours in — for the two main services, Lexis and Nexis — from newspapers, magazines, newsletters, court reports, wire services, government publications, patent offices and reference works from all over the world.

Mead Data Central — a subsidiary Mead the paper group — was set up in the early 1970s and started with Lexis, a legal research database. Since then Mead Data Central has invested over $100m in its databases which have only recently become profitable.

Mead has just over 250,000 subscribers worldwide for its various services. Sales last year reached $127.5m and are expected to exceed $160m in the current year. The company is also stepping up investment and is to spend some $37m doubling the size of its headquarters in Dayton, Ohio.

Until 1983 almost all subscribers used the service by leasing a dedicated terminal from Mead. But now only about half of Mead's subscribers use dedicated terminals. Increasingly they are using their own equipment, such as personal computers. Terminals and personal computers from IBM, American Telephone and Telegraph, Apple, Wang, Xerox and TeleVideo can now be used with the system.

In January Mead Data Central set up a new group in Menlo Park, California. "We will develop ways of using information stored in on-line databases with existing software programs such as word processing, spreadsheet and graphics packages," comments Mr Bruce E. Rhoades, vice president of systems and technology.

The new group is talking with a number of other companies about the joint development of products. These are thought to include personal computer software to analyse information gleaned from the databases, and laser disc storage of information.

Mead Data Central claims it has the world's largest legal and general news databases. The vast critical mass of data gives a tremendous strength which is very difficult to challenge because of logistical problems of catching up.

A strategy of diversification

Dun and Bradstreet

GORDON CRAMB

TWO DATABASES, between them providing access to details on nearly 7m companies worldwide, have been brought online in the last six months by the UK division of Dun and Bradstreet, as part of a strategy to transform the U.S.-based business information agency into a broad-ranging international warehouse of corporate data.

The aim is to make its services of equal use to marketing *managers planning mailshots* and finance directors contemplating takeovers. The new diversity, though, is intended to remain underpinned by D&B's traditional strength, the regional teams of credit monitors in personal touch with many of the businesses on its files.

While continuing to expand in the U.S.—last year D&B paid $1.1bn for A. C. Nielsen, the market research concern—the company has been making a concerted move to build on its less-established European operations.

In the UK, apart from its £73m purchase of Datastream last June, it has set up a computer centre at a first-year cost of £25m, and plans by mid-1985 to bring online *subscriber* services to the Netherlands and France, with West Germany, Belgium, Denmark, Austria and Ireland following by October.

The commitment is clearly making initial inroads on profits: D&B-Eurinform, its much smaller Belgian unit, for example last month reported a 77 per cent setback in net income as a partial result of an investment in computerised information.

But the company is confident the need is there. "For many people, it's just no good receiving data in the post four days later," says Amanda Connor, computer products manager for D&B's business marketing division in the UK.

The databases which came online towards the end of last year are Dunsprint, offering company registry and in some cases immediate credit information on around 1m British companies, with access to a further 5½m in the U.S.: and Who Owns Whom, an electronic version of the familiar set of directories linking about 25,000 parent companies in *world business centres* with their 275,000 or more subsidiaries and associates.

They join Key British Enterprises (KBE), available online since 1983 as a means of targeting the country's top 20,000 companies.

Access to each is through the user's own computer terminal or microcomputer — D & B is not in the hardware retailing business — via a modem or acoustic *coupler to* the telephone.

Quickest way

Dunsprint, to which the bulk of the company's energies in this field have been devoted, is handled by D & B directly. KBE and Who Owns Whom are both accessible through the Pergamon InfoLine host system, chosen as the quickest way of getting those services up and running while drawing in the *existing InfoLine* customer range.

Although an inevitable degree of overlap exists in the informa*tion stored in the three data*bases, they are seen by the company as serving divergent needs — a perception reflected in the extent of the data and its presentation, the separate marketing efforts, and the differing cost structures involved.

KBE, confining itself to an *outline sketch of Britain's blue* chip and middle ranking companies (line of business, turnover, worldwide markets, regional bases, number of employees) would by an inverse logic tend largely to attract smaller concerns with a lesser visibility but eager to become their suppliers.

The crucial advantage of a computer-based system of this nature is the ability to predetermine the sort of business that a sales drive might best be aimed at, and then obtain an instant list of those which fit the bill.

One such profile cited by D & B is of companies involved in telecommunications, turning over more than £1m a year, with 1,000-plus employees and exporting to the U.S. Without the facility for electronic *cross-referencing of these cate*gories, the process would usually be too laborious to be worthwhile.

Once a KBE user company has isolated its list of targets on screen, it has the contacts for its sales staff to pursue (some 126,000 directors are *named individually) or can have* address labels produced in the KBE format for mailings.

What brings the system within the financial reach of small businesses—often wary about the cost of committing themselves to a service they might infrequently use—is the absence of a subscription charge. The basic cost is timed per minute, with additional charges for each company displayed.

Although the creditworthiness *of the upper crust of corporate* Britain displayed on KBE would rarely be in question, the same could not be expected to apply with equal force to the much larger number listed on Dunsprint. The emphasis there is on credit status, with the companies viewed primarily as *potential trade customers.*

Not exclusively so, however—the financial information it offers can just as easily be used as the trigger to a takeover bid. Mr Roy McInnis, co-ordinating manager for the Dunsdata retrieval system on which the service is based, says the related Dunsquest facility in the U.S. is being used more and more as a takeover tool.

"As a result, it is geared there increasingly to acquisitions," he says, and D&B's attempts to offer a responsive attitude to differing markets have meant that the initial pro*motion of Dunsprint in Europe* is laying stress on such applications, as well as functions like a breakdown of capacity levels and product ranges of potential suppliers, also allowing an assessment of how competitors are faring.

The company is anxious to make clear, though, that the core credit evaluation ability is not being neglected along the way. From next month Dunsprint is due to embody a 1-to-100 scoring system based on an *analysis of time lags* in payments made to suppliers.

This sort of detail will not be instantly available for all the companies on the Dunsprint "books" — of the 1m directly accessible, only some 350,000 carry much information beyond the bare company registration *data (in many cases, the very* user-friendly format will make the frank acknowledgement: "File needs updating").

Tailor-made

At that point the tailor-made aspect of the D&B service comes in: users, who buy access to Dunsprint in advance "blocks" of time, can commission a report of a company's standing.

The sheer number of corporate units involved means that Dunsprint is updated on a more sporadic basis than the more selective KBE and Who Owns *Whom, each of which is given* a monthly overhaul to draw in any new data relevant to the listings.

The Who Owns Whom data is restricted to the structural rather than the financial, but it none the less enables large organisations to keep a check on their trading exposure to any particular group, and subscribers—who sign up on an annual basis—can nominate those about which they wish *automatically to be informed.*

Of the 300,000 entries in Who Owns Whom, an average of 10,000 are changed each month and 5,000 newly incorporated businesses added—an indication of how quickly the annually published information in book form can date, as the pace of *worldwide mergers and acquisi*tions continues to quicken.

Mr Dick Robinson, Gold and Mining Shares manager at Hoare Govett: Speed of reaction makes electronic information services indispensable, he states

Stefan Wagstyl looks at the benefits derived by one big user of electronic information services, stockbrokers Hoare Govett

Worth is proved by time saved

A TELEPHONE call from stockbroker Hoare Govett's London office to Australia takes 30 seconds to connect. Across Reuters international network the same message can be flashed around the world in 1½ seconds.

For international dealer Mr Dick Robinson, who specialises in gold and mining shares, that advantage alone makes electronic information services indispensable.

And his employers are in no doubt about the importance of electronic information services. Hoare Govett, in which the U.S. bank Security Pacific has a stake, spends well over £250,000 a year in rent to the information providers — it is the third largest item on the annual account after office rents and salaries.

The largest slice of this money goes to Reuters which is available on about 100 screens, mostly in the broker's dealing room.

From Reuters, dealers like Mr Robinson can receive up-to-the-minute information on foreign exchange movements, stocks and shares, commodities and the money markets.

Reuters excels, says Mr Robinson, in providing a broad picture of different markets.

But other services are used to supplement Reuters in particular fields: Hoare Govett's gilts (government bonds) dealers use Telerate to cover the bond market; the U.S. equities desk uses Quotron to help keep in touch with American share prices; and for the London stock market, the dealers turn to the Stock Exchange's own Topic network.

Meanwhile in the broker's research department, the analysts say their most important electronic information service is Datastream. "We would die without it and so would most other brokers," says Mr Bob Cowell, head of research.

Datastream, which was originally developed and later sold off by Hoare Govett, offers subscribers access, through a display screen, to a database including a wide range of information on UK and Continental stocks and shares.

Alongside Datastream, sits the latest information service to enter Hoare Govett's offices—*this is Textline, run by a private* company, Finsbury Data Services, and offering an electronic library of press cuttings on all subjects.

But does Hoare Govett have any criticisms to make about the development of the electronic services which are now *at the heart of its business?*

Apart from inevitable grumbles about costs, Mr Guy Kingsbury, head of systems development, does have one complaint.

He says that the large information providers do not do enough to explain what is available on their screens. Reuters for example, has tens of thousands of pages of information but the average dealer uses about ten.

Part of the answer, says Mr Kingsbury is for Reuters and others to offer better and continuous training to their clients.

The other part is for the information providers to offer more limited packages of services—and charge less. Reuters does offer a 32-page service, but even this is expensive, says Mr Kingsbury.

He compares the electronic information providers to the makers of mustard—both make their money not from the amount of product used but from what is left behind — either on the plate, or inside the computer.

Increased effort pays off with rapid expansion

Dow Jones

PAUL TAYLOR

THE Wall Street Journal is still the Dow Jones flagship and primary profit earner, but the company's ambitious electronic publishing initiatives are attracting increasing attention.

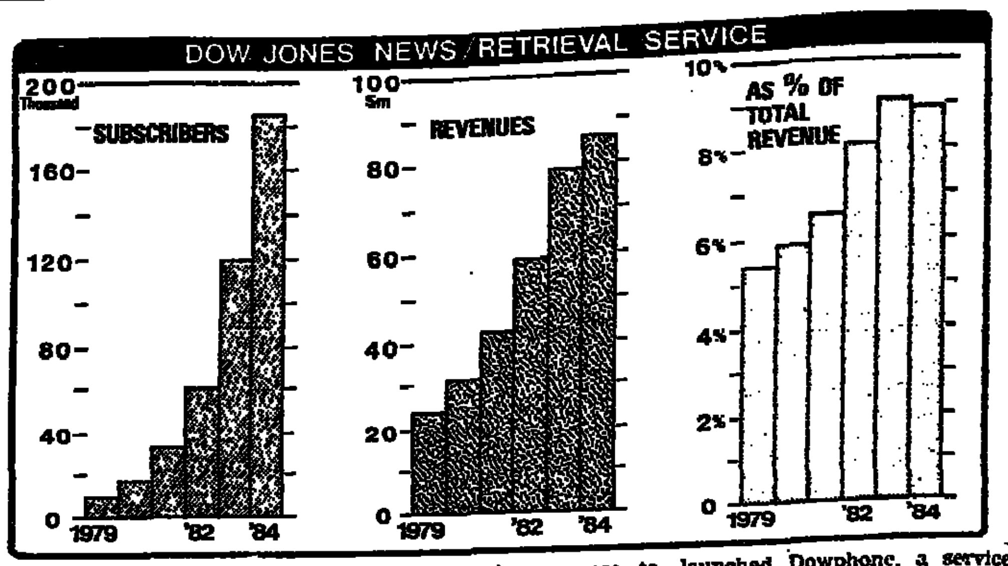
In the 1970s, after pioneering satellite newspaper printing, Dow turned its attentions to what Mr Carl Valenti, vice president of Dow's information services division, describes as "finding other ways to deliver our information through different media."

The move into electronic publishing grew directly out of the Dow Jones News Service, the unit that had put out a news ticker tape for almost 90 years.

Putting that information into a computer, adding stock quotes and other business information, initially primarily aimed at brokers and institutional clients, was a logical extension of the broadtape service, growth of which had begun to flatten by the mid-1970s.

The result was the Dow Jones News/Retrieval Service, perhaps the most popular business-orientated database in the U.S. From small beginnings the service has grown rapidly. Its revenues now almost equal those of the broadtape itself. Together the two services represent the bulk of the $86m in revenues of Dow's information services division.

Last year the number of databases available on the News/Retrieval Service expanded from 26 to 35 at year-end, ranging from the full text of the Wall Street Journal to financial analysis, sports, weather forecasts, film reviews and the Academic American Encyclopedia. Subscribers grew by over 50 per cent to 185,000. Even Dow executives admit it will be hard to match such spectacular growth in the future.



The reason for the success of the News/Retrieval Service is not hard to find. There are now about 17m personal computers in U.S. offices and homes—up from around 10m a year ago and 5m the year before.

About 10 per cent of these machines are equipped with modem devices that allow the computer user to communicate over telephone lines with other computers.

This phenomenal growth in personal computers with the ability to collect information electronically over the telephone line has spurred a booming business for the electronic information providers. Today there are over 2,000 on-line databases in the U.S. But, unlike some, Dow Jones has concentrated on the business market.

The service has been expanded primarily in response to customer demands, particularly those of professionals as personal computers have found their way from the office desk into the home.

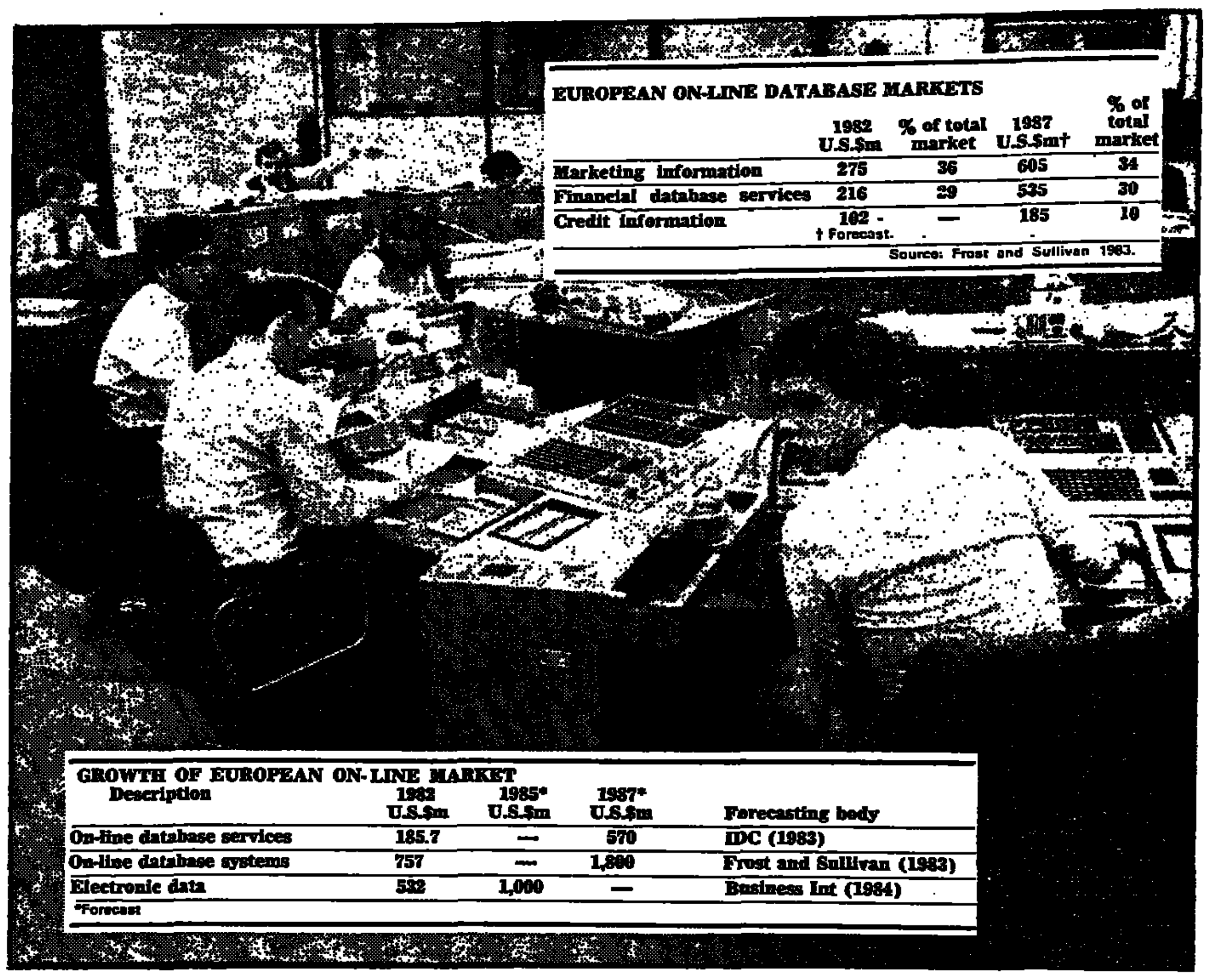
Nevertheless Dow's information services division has had some notable failures. In 1981 the company started a service called Dow Alert which delivered broadtape news over FM radio to a customer "black box." Using the box, subscribers could select specific companies or subjects to track — the device kicked out an alert when a story on one of these subjects came up and recorded it for playback later.

Last year the company killed off Dow Alert, admitting that people never really understood the service or how to use it. In its place the company has launched Dowphone, a service which lets subscribers dial a telephone number to listen to the latest news on their favourite topics. So far Dowphone has about 10,000 customers.

The information services division is also expanding its activities in other ways. It has moved aggressively into the specialist information management software marketing and development field, making investments in small companies en route.

In addition Dow Jones has actively pursued joint ventures with other financial and market information providers like Quotron and Telerate — both in the U.S. and overseas.

Electronic publishing is perhaps the key to Dow Jones's most ambitious diversification strategy.



EUROPEAN ON-LINE DATABASE MARKETS

	1982 U.S.$m	% of total market	1987 U.S.$m†	% of total market
Marketing information	275	36	605	34
Financial database services	216	29	535	30
Credit information	102 -	—	185	10

† Forecast.

Source: Frost and Sullivan 1983.

GROWTH OF EUROPEAN ON-LINE MARKET

Description	1982 U.S.$m	1985* U.S.$m	1987* U.S.$m	Forecasting body
On-line database services	185.7	—	570	IDC (1983)
On-line database systems	757	—	1,800	Frost and Sullivan (1983)
Electronic data	532	1,000	—	Business Int (1984)

*Forecast

Quiet revolution in legal profession

Lexis

RAYMOND SNODDY

THE CASE Miss Sharon Mulroney, a young articled clerk at City law firm Wilde Sapte, was given to research was very complex.

It involved a British subject being sued for libel in a New York court by an Austrian plaintiff. She needed to know all the relevant cases affecting law in three different jurisdictions. She began the search on Lexis, the on-line legal data base and retrieved five relevant cases from the data base in Dayton, Ohio in as many minutes.

Without it, she admits, she would have found it difficult knowing where to start, and the task could have taken several days.

Wilde Sapte, which specialises in banking and commercial law, and this year celebrates its 200th anniversary, began subscribing to Lexis last year.

Now the terminal which gives access to 209bn characters of case and statute law, the largest data base of its type in the world, sits in the firm's library — a slightly incongruous intruder among the leather-bound law reports that run back to 1891.

Wilde Sapte is a recent example of the quiet revolution that has overtaken a significant proportion of Britain's legal profession in the past five years.

A profession noted for its conservative nature has happily gone on-line and embraced electronic publishing. In the UK more than 7,500 people have been trained to use Lexis, a service provided in Britain by Butterworth Telepublishing, a subsidiary of Mead Data Central the U.S. legal publishing company.

Mr Kyle Bosworth, marketing manager of Butterworth Telepublishing points out that 51 of Britain's law schools now have Lexis and only three do not. Eighty-five sets of chambers are on-line and 560 barristers have been trained in the art of instant retrieval.

Lexis, which began life as OBAR in 1968, a creation of the Ohio Bar Association, first began in London in 1979.

Mr Bosworth set up a demonstration in Bell Yard near the Temple and asked lawyers to bring real research to try it out.

Mr Geoffrey Bryce QC was the first to take it, and Norton Rose the first law firm.

It was solicitors who really took to Lexis, which costs about £6,000 a year or about £1.20 a minute of access, Mr Bosworth states. Barristers started to notice that the quality and range of solicitors' research had improved dramatically — and did not want to be left behind.

Paper and books have not gone out of fashion at Wilde Sapte, but Mrs Susan Ellaby the firm's librarian is convinced that Lexis saves time and money on research.

There are "eureka" moments when Lexis throws up the full text of a case a lawyer only vaguely remembers having read about.

"Lexis is a logical machine. If you put in common words a lot of irrelevant material will be thrown up," explains Mrs Ellaby.

The trick is to use key words to narrow the range of material offered to that which is truely useful. Apart from full text the computer has a Key Words in Context facility which offers a window of 25 words either side of the key words to show whether a document is useful.

The whole of British and American statute law as in force and amended is on the data base which is run on four Amdahl mainframe computers.

Lexis has the contents of a range of law reports dating back to 1945. In addition new statute law and the most up-to-date cases are available on the data base more quickly than the printed versions.

"I would hate it if the day ever came when everybody was on line and never looked at a book. I think the way to look at it is not as something special but just another library tool," says Mrs Ellaby.

Lexis is still very much a device in the library to be consulted when needed. But Mr Robert McCaw, the Wilde Sapte senior partner responsible for the library and the decision to put a computer terminal among the books, is certain Lexis has something to offer.

"The expense is entirely justified. I have no doubt about that," he states.

A lawyer, for example, dealing with a case involving restrictive covenants under section 227 of the Companies Act can call up all relevant case law in a few minutes at the terminal.

It is, Mr McCaw believes, a very efficient search and retrieval tool.

"Ask it the right questions and it will tell you. But it will never take over from books," says Mr McCaw.

Lexis in the UK has spread through large and medium firms, in and out of London.

However, the day when a terminal linked to the Dayton data base is on the desk of every country solicitor still seems a long way off.

FINANCIAL TIMES
Thursday April 4 1985

Talks advance for U.S. Steel link with Korea

BY TERRY DODSWORTH IN NEW YORK

U.S. STEEL is discussing with a number of foreign producers joint projects aimed at reducing its costs and injecting capital into its activities.

The leading U.S. company refused yesterday to give details of its negotiations, but there are strong *indications in the industry* that it is well down the road towards an agreement with Pohang Iron and Steel of South Korea.

Mr David Roderick, *chairman of* the U.S. group, recently visited the South Korean company on a tour of South East Asia.

U.S. Steel's negotiations follow an abortive attempt to reach a similar joint agreement with the British Steel Corporation (BSC), the nationalised UK group, two years ago. At that time U.S. Steel was intent on a deal that would involve the investment of BSC funds in the Fairless plant near Philadelphia. BSC would have modernised Fairless and then supplied in with British-made raw products finishing.

Since then other U.S. companies have forged several links with Japanese *steelmakers. The largest* of these agreements was a $292m deal under which Nippon Kokan took a 50 per cent stake in National Steel, but there have been *four other* large deals.

Kawasaki Steel of Japan, for example, bought Kaiser Steel's Fontana works in California, which it supplies with raw steel from Brazil. Wheingh-Pittsburg lined-up with Nissan of Japan in a finance and technology agreement.

In U.S. Steel's case it is felt that the most likely outcome of the current negotiations with Pohang will be a deal along the lines of the pro*posals for the link with BSC, since* the South Korean company has exceptionally low raw steel production costs. Pohang might want to *gain access to U.S. Steel's techno*logical know-how at the same time.

P&O buys strategic stake in Ocean Transport and Trading

BY ANDREW FISHER, SHIPPING CORRESPONDENT, IN LONDON

PENINSULAR and Oriental Steam Navigation (P&O) of the UK yesterday said it owned just over 8 per cent of Ocean Transport and Trad*ing's shares, causing speculation in* London about a possible bid or a major shake-up in the country's container shipping sector.

*Both companies are large share*holders in Overseas Container Ltd (OCL), a major world container line which last year made pre-tax prof*its of £58m ($67.2m). P&O said its* stake in Ocean was a "trade investment." News of the holding ended several days of market rumours.

Ocean's share price has raced up from 163p in London last Wednesday, after the announcement of higher *1984* profits and a small rise in dividend, to a closing level last night of 190p, down 1p on the day.

This values Ocean at around *£215m and makes the P&O interest* of 8.03 per cent worth just over £17m. But nearly half the stake was purchased by Sterling Guarantee *Trust over the past year before its* recent merger with P&O.

Sir Jeffrey Sterling, chairman of P&O, was previously head of both *companies. The SGT stake, pur*chased at well below recent market levels, probably cost less than £7m, analysts thought.

The announcement of the stake, and assessment of its possible implications for OCL, come at a time of considerable activity on the world liner (scheduled cargo service) market.

OCL itself warned that increasing competition could harm its 1985 results, referring in its annual report to "the dangerously competitive future in the Far Eastern Trades."

Led by Evergreen of Taiwan and United States Lines, both with new *round-the-world services, compa*nies have embarked on major additions to their fleets. UK Lines, including OCL and Cunard (part of Trafalgar House), *have been dis*cussing ways of rationalising their operations to save costs.

FMC may produce Bhopal chemical

By Our New York Staff

FMC, THE U.S. chemicals and equipment group, is considering making methyl isocyanate, the deadly chemical that killed some 2,000 Indians after a leak at a plant in Bhopal last year.

Since the disaster at Bhopal, production of methyl isocyanate has been suspended in the U.S. by Union Carbide, the world's main producer and the owner of the Indian plant. FMC, which uses the chemical in its fertiliser production, *has been acquiring alternative* chemical supplies from an unnamed European source.

Du Pont, another big user of *methyl isocyanate*, has already decided to begin manufacturing the chemical for use in fertiliser production at its La Porte plant in Texas. That investment will eliminate the need for transportation of the chemical.

One other proposal being considered by FMC is to transfer its own fertiliser output to West Virginia, building a plant near Union Carbide's facility. Union Carbide is planning to resume output of methyl isocyanate at the West Virginia plant this month. It said yesterday that modifications designed to improve safety at the plant had been completed.

WORLD ECONOMIC RECOVERY BOOSTS WEST GERMAN CHEMICAL GROUP

Bayer pre-tax profits rise 34%

BY JOHN DAVIES IN FRANKFURT

BAYER, the West German chemical and pharmaceutical group, lifted pre-tax profit by 34.1 per cent to DM 2.9bn ($920m) last year, with economic recovery and the strong dollar giving powerful impetus to its operations.

The group's worldwide sales revenue was 15.3 per cent up at DM 43.03bn.

Bayer, like the other big German chemical groups, BASF and Hoechst, is widely expected to increase its dividend substantially as a result of its profit performance.

All three companies paid a dividend of DM 7 per share on their 1983 results, after making a sharp recovery from a setback in 1982, when dividends were cut.

BASF increased group pre-tax profit by 50 per cent last year to DM 2.52bn, while its parent company pre-tax earnings were 47 per cent up at DM 1.32bn. Although Hoechst has not yet disclosed group earnings the parent company pre-tax profits rose 44.7 per cent to DM 1.33bn.

Bayer's results were greatly *help*ed by its performance in the U.S., where it has been building up its activities. The consolidated pre-tax profit of its U.S. subsidiaries rose 37 per cent to $238m, with the strong dollar further boosting the result in terms of D-Marks.

With their operations running at a high level, the German chemical companies have been cautious about growth prospects this year.

The Bayer parent company registered a decline in sales in West Germany in the fourth quarter of last year, although the continued surge in exports more than offset this.

While the domestic sales of DM 1.31bn were 2.1 per cent down on a year earlier, exports rose 6.8 per cent to DM 2.51bn, producing total fourth quarter sales of DM 3.82bn.

Bayer's profit increase came despite higher costs for energy, raw materials and labour. The parent company's increased sales revenue mainly reflected a higher volume of goods produced and delivered, with a more economical use of plant capacity.

Shell warns of petrochemicals plant closure

BY TONY JACKSON IN LONDON

SHELL CHEMICALS UK announced yesterday that its entire petrochemicals complex at Carrington, near Manchester, which employs 1,200 people, is in jeopardy. It is highly likely that the 146,000-tonne ethylene cracker at Carrington will be closed when the Shell/Esso Mossmorran ethylene plant is commissioned this autumn and the downstream operations may be closed as well.

Besides producing ethylene Carrington makes ethylene oxide derivatives, and polyethylene, polypropylene and expandable polystyrene.

In a statement to staff Mr Ian Thornley, Carrington's manager said that though the complex's performance had improved significantly in 1984, *it* had *still* not made a positive contribution. With increasing competition in the petrochemicals business, this situation was unlikely to improve in the medium term.

Mr Thornley said: "While I have no finalised proposals I feel it is only fair to indicate that it is highly likely our ethylene cracker will close down. If so, we will also have to reduce costs and operations elsewhere on site."

A two month review of Carrington's operations is to be undertaken. Shell said that unless the review shows that parts of Carrington can be run competitively with other producers, all 1,200 jobs at the complex are on the *line. Apart from the new* Mossmorran complex, Carrington is one of only two petrochemicals plants run by Shell in the UK, the *other being the plant producing in*termediate chemicals for detergents at Stanlow in Cheshire.

U.S. satellite TV venture fails

BY PAUL TAYLOR IN NEW YORK

THE FIRST and only commercially available direct broadcast satellite (DBS) service in the U.S. ceased operations after subscribers fell far short of expectations and the company, United Satellite Communications (USCI) failed to make a recently due $600,000 payment for satellite services.

The suspension of the USCI service marks the latest in a series of setbacks for the embryonic DBS industry in the U.S. – and potentially for planned DBS services in Europe and elsewhere.

The once highly-touted satellite-to-home DBS option offers subscribers equipped with small and inexpensive roof-top mounted receiving dishes access to television programmes beamed down using high power satellite transmitters.

Mr Jim Longo of Prudential Insurance of America confirmed yesterday that USCI, in which the insurance group has a majority stake, had been forced to suspend operations after it failed to meet the bill for the satellite "uplink."

He said, however, that the fledgling DBS joint venture company had "not gone out of business" and is engaged in rescue negotiations with Tele-Communications, the U.S. cable television group.

"We are still negotiating with Tele-Communications and hope something will come out of it," said Prudential. However, industry experts expressed doubts that negotations, so far between lawyers representing the two companies, would reach a successful conclusion.

Prudential added that the board of USCI will meet next week to consider the options for the company, whose other participants include General Instrument and a group of private investors.

USCI, which began its DBS service late in 1983, is believed to have attracted only about 9,000 subscribers far short of its projections of up to 100,000 by the end of last year.

In addition, the company has been plagued by financing problems which have limited its ability to expand the service. In November negotiations aimed merging USCI's DBS interests with those of Communications Satellite Corporation (Comsat) were terminated by Comsat.

SEC backs ITT over liquidation

By Robert Gibbens in Montreal

ITT, the U.S.-based multinational conglomerate, has won the backing of the Securities and Exchange Commission (SEC) for its decision not to submit any shareholder proposals for liquidating the company to its annual meeting on May 16.

ITT, which is in the midst of a *major reorganisation including* the planned divestiture of assets valued at $1.7bn, confirmed yesterday that the SEC agreed early last week that it need not include the liquidation proposal in proxy material.

The group received five form letters proposing a liquidation in November. Subsequently, *four of these* letters were withdrawn. ITT, which opposes liquidation, declined to include the fifth proposal in the proxy material because *it claims that it* was made by a shareholder seeking satisfaction of a "personal grievance" against the group.

ITT *also* revealed that it had told the SEC that liquidation proposals were "orchestrated" by a New York investment adviser who had connections with two *families* which control large stakes in the company but had not owned the shares long enough to submit their own liquidation proposals. ITT *identified* the two parties as the Pritzker family of Chicago and the Anschultz family of Denver, Colorado.

Inco pension surplus to reduce debt

By Our Montreal Correspondent

INCO, the Canadian nickel producer is using about C$105m ($76.8m) in surplus Canadian pension fund assets to reduce *its* debt *of nearly* C$1bn.

The plan has been approved by the Canadian Government and the Ontario Pension Commission. The surplus assets came from Inco's non-contributory pension plan for more than 3,000 salaried employees *in Canada* and 2,400 pensioners and resulted from good investment performance, the company said.

Existing and future pension needs will not be affected.

The company's debt-equity ratio will dip to 44 to 56 from 46 to 54 at the end of 1984.

Inco has retrenched drastically in the past few years in North America and overseas.

Advance for champagne producer

By Our Financial Staff

MUMM, the big champagne producer which is controlled by Canada's Seagram distilling group, reports increased profits for 1984.

Pre-tax earnings have risen from FFr 42.2m to FFr 46.2m (U.S.$4.8m) following an adjustment in accounting procedures. Sales improved by 15 per cent to FFr 886m.

Seagram, which has had an interest in Mumm since 1980, controls some 56 per cent of the company. Earlier this year it made an offer to minority shareholders.

The Canadian group, which is the world's largest producer of distilled spirits, has for some time been seeking to diversify away from hard liquor in order to counter the long term decline in consumption of whisky and gin.

Net income at Mumm totalled FFr 22m, compared with 1983's adjusted FFr 18m. The 1984 earnings include a FFr 11.3m gain from the *reincorporation of previous* provisions for cost increases. The 1983 figures showed a reincorporation of FFr 2.8m from previous provisions. Tax was *FFr 35.5m, up from* FFr 27m.

Mumm will pay an unchanged gross dividend of FFr 16.50 for 1984.

INTERNATIONAL COMPANIES and FINANCE

Wong Sulong looks at an image-changing exercise

Bank Buruh woos the Malay co-ops

THE CHINESE have a formula for turning around less-making businesses, first, change the management, if that does not work, change the location of the business. If recovery still does not come, change the name, and finally change the owners.

Bank Buruh (Workers' Bank), Malaysia's smallest commercial bank and long shunned by the banking community, is in the process of trying all these.

Since it opened ten years ago, the bank has been plagued by management problems and losses. By April last year, the accumulated deficit reached 18.7m ringgit ($7.4m) compared with paid up capital of 16.3m ringgit. If not for special permission from the Finance Minister, it would have folded: under the Banking Act, a commercial bank must have at least 10m ringgit in shareholders' funds, unimpaired by losses.

A rescue operation was mounted in the middle of last year, with a consortium of co-operative socities, headed by the Central Co-operative Bank, buying majority control.

The vendors were the Chinese Multi-Purpose Co-operative Society and the principal shareholder, Mr Lorrain Osman, who is a former director of Bank Bumiputra, and a central figure in that bank's $1bn Hong Kong loans problems.

This was immediately followed by a board and management shake-up with Dr R Thillainathan, a prominent economist, appointed Bank Buruh's managing director.

Early this year, the bank completed a rights issue which boosted capital to 49m ringgit, and the new owners are now negotiating with two influential Malay co-operatives to take a 30 per cent stake that would further expand capital to 71m ringgit.

The link with the two Malay co-operatives, apart from fulfilling the demand of the Government's new ecoonmic policy regarding Malay corporate ownership, will give Bank Buruh the right political connections needed for expansion. It is understood that two Malay cabinet ministers are advisers to the co-operatives.

Bank Buruh, which began life under the auspicies of the Malaysian Trades Union Congress, was awarded a banking licence by Tun Abdul Razak, the then Prime Minister, as part of an accord under which the unions would not throw their weight behind the opposition parties in the next general election.

One senior union leader says: "Bank Negara (the Malaysian central bank) objected to the granting of the licence. Bank Buruh was considered as an illegitimate child by the banking community. It was never allowed to grow, remaining as a single branch bank until even today."

The new owners hope all this would change.

Early this month, the bank, as part of its image-changing exercise, relocated its headquarters from an obscure street corner to an impressive multi-storey building along Kuala Lumpur's prime commercial district. It will also adopt a new name that will reflect its status as o commercial bank, but directors are not yet disclosing what it will be.

According to Mr P. P. Narayanan, Bank Buruh's chairman and head of the National Union of Plantation Workers, the big injection of funds by the new owners has placed the bank on a more solid financial footing and he is confident it will achieve a turnround soon. Two major problems remain, however.

The first is the size of its non-performing loans. It is estimated that about half of the bank's 30m ringgit loan portfolio is non-performing.

The second problem is the loan limit imposed by the central bank. Between 1979 and the end of 1983, Bank Buruh was restricted to lending a maximum 100,000 ringgit to any single borrower. This had the effect of increasing loan administration costs, as well as forcing the bank to look for borrowers at the tail-end of the market.

This ceiling has now been lifted to 500,000 ringgit per borrower, and is likely to be raised again. Bank Buruh hopes that once the Malay co-operative societies are brought in as partners, the authorities will remove all restrictions so that it can operate like any normal commercial bank.

Despite the sluggish Malaysian economy, the Malaysian banking industry is still enjoying good profits growth, and Bank Buruh feels that once the loan restrictions go it should have no difficulty in making profits. It has recently begun to participate in loan syndications, an indication of its gradual acceptance into the banking fraternity.

State to take over ailing Dubai Bank

BY KATHLEEN EVANS IN KUWAIT

UNION BANK of the Middle East, majority owned by the Dubai Government, said yesterday it was taking over Dubai Bank, previously owned by the Galadari brothers, in a move designed to protect depositors.

At a stormy board meeting, shareholders of the bank were offered only a nominal sum in compensation, equivalent to 1 per cent of the face value of the shares.

Shareholders of the bank include the two brothers, Mr Abdul Latief Galadari and Mr Abdul Rahim Galadari, who together held 70 per cent, as well as Credit Suisse and Wells Fargo Bank with minority stakes of 7.4 per cent each. The remainder is held by a group of United Arab Emirate nationals and Indian merchants of the town.

The bank was said to have a negative capital base at the time of the takeover.

The Galadaris' shareholding had already been pledged to a group of foreign banks as part security on a $68m loan lead-managed by Citibank. The foreign banks met earlier in the day with Mr Ahmed Al Tayer, who is the UAE Finance Minister as well as being chairman of Union Bank.

At the meeting, the foreign banks agreed to the transfer of the shares and the proposed compensation.

One of the bankers in the syndicate said they had agreed to the move "in good faith, for the benefit of the Dubai Government" but that they hoped that the deal would be "a two-way street."

The foreign banks are believed to be seeking a gesture of support from the Dubai Government in their future dealings with the Galadari brothers. Some 19 banks have extended funds to the holding company owned by the brothers, several of them on an unsecured basis. They fear Union Bank will seek to acquire some of the Galadari assets in lieu of the brothers' borrowings from Dubai Bank.

The banks are anxious that there should be no disorderly liquidation of the Galadari assets, should such a course prove necessary. An extra $2.72m was lent to the Galadari holding company until April 8, when further meetings are planned between the group's executive and the foreign banks.

Auditors have been appointed to assess the extent of the company's assets and liabilities. The banks are believed to be considering a major rescheduling of all of the borrowings of the group, depending on the outcome of the auditors' report.

In announcing the take-over of Dubai Bank, Mr Al Tayer said: "This is the last of the problems in the Dubai banking community. This is the end." Union Bank was said by the minister to have paid $400,544 for the troubled bank's shares.

Higher sales tax limits growth at Pick 'n Pay

BY JIM JONES IN JOHANNESBURG

PICK 'N PAY, the South African supermarket group, maintained its strong growth record in 1984. Turnover increased by 21.6 per cent to R1.82bn ($926.2m) while operating profits rose 20.2 per cent to R59.2m.

Lower investment income and a higher overall tax rate, however, led to a net profits advance of only 6.5 per cent to R33.5m.

Higher sales tax rates introduced last July and austerity measures implemented in August contributed to a decline in spending on consumer durables and semi-durables which carry higher margins than food. This, combined with the opening and stocking of eight new stores put trading margins under pressure.

A hypermarket in Brisbane, Australia, which is the company's first venture outside South Africa, has performed better than expected.

Earnings increased to 171.2 cents a share from 160.6 cents and the dividend has been lifted to 83.5 cents from 72 cents.

Bombay SE extends trading hours

BY R. C. MURTHY IN BOMBAY

BOMBAY Stock Exchange authorities have relaxed a set of restrictions on trading in shares, introduced last Friday after prices escalated in the wake of India's budget.

The exchange was closed yesterday and will be shut again tomorrow for public holidays, but trading sessions from today will be extended to two hours instead of the one hour allowed so far this week. Trading will again be allowed in the exchange's 55 major shares, although only deals for immediate transfer will be allowed.

For all issues, transactions will have to be approved by the exchange authorities.

Venture capitalists turn to Taiwan technology

Bob King in Taipei on a joint venture prompted by a change in investment law

TAIWAN is about to get its first real taste of Western venture capitalism with the start of a joint venture between R. H. Chappell Company of the U.S., a high technology specialist, and the locally-owned Walsin Lihwa Electric Wire and Cable.

The new company called Asiatec, seeks to take advantage of a revision in Taiwan's investment law passed late last year that allows foreign invested venture capital companies to repatriate their earnings without being subjected to capital gains taxes.

But R. H. Chappell, through Asiatec, also expects to capitalise on the growing interest among high technology companies abroad in setting up in Tiawan, where costs are significantly lower than in most developed countries as well as on the growing number of Taiwanese companies that are begining to develop technical expertise on thieir own and thus represent fertile fields for capital seeding.

Asiatec, now awainting formal licence approval, has an initial $5m capital, of which Chappell has invested 75 per cent and Walsin Lihwa the remainder. Mr Richard Kamman of KKK International, Chappell's Asia consultant, said however, that as much as $20m would be needed "to do the job."

To that end he expects the Taiwan Government to eventually give its approval to the higher figure.

Taiwan has over the past half year seen the establishment of two other companies billed as venture capital operations, but which Mr Kamman described as holding companies which either seek to bring fledgling high technology operations under their mantle or to simply encourage the establishment of high technology on the island.

Asiatec by contrast will provide management and marketing consultants, so-caled "mentors," to the companies it funds and will derive its profits from later sales of its shares after the ventures go public.

Chappell is already funding three foreign companies operating in Taiwan. They are Lemtek, which manufactures a line of IBM-compatible personal computers in the Hsinchu Science Park; XO Industries, which subcontracts production of energy-efficient electronic ballasts for fluorescent lamps to Taiwanese companies and Racore Corporation, which sources and sub-assembles components for its IBM PC add-on line in Taiwan. Chappell has invested $7.3m in the three to date.

Moody's to set up Japanese rating agency

By Our Tokyo Staff

MOODY'S INVESTORS Services, the U.S. debt rating agency, yesterday announced plans for a Japanese subsidiary scheduled to begin operations in June.

Mr William Dwyer, Moody's president, said in Tokyo that the new company means "our worldwide system of ratings will now be available for the increasingly important Euroyen sector of the Euromarkets."

Moody's also yesterday published its first ratings of 35 Euroyen bond issues.

On Monday, a group of 74 financial institutions in Japan established an organisation named the Japan Credit Rating Agency. It has at its head Mr Takeshi Watanabe, former president of the Asian Development F--ak. It too will assign ratings to yen-denominated bonds issued by Japanese and foreign borrowers in domestic and international markets as well as foreign currency bonds by domestic borrowers.

INTERNATIONAL COMPANIES and FINANCE

VMF to pay first dividend in 10 years

By Laura Raun in Amsterdam

VMF-STORK, the Dutch process machinery manufacturer, is resuming a dividend for the first time in a decade with a Fl 6 a share payout for 1984.

Earnings surged 40 per cent to Fl 30.8m ($8.5m) last year from Fl 22m in 1983 on a historical-cost basis. On a current-cost basis, profit doubled to Fl 20.1m from Fl 9.9m.

VMF predicted that its profit would climb again this year. Last year's sharp improvement caps a gradual four-year recovery for the company following losses totalling Fl 63m in 1979 and 1980. In 1978, VMF received Fl 60m in government aid, which is to be repaid by 1993.

Sales spurted 20 per cent to Fl 2.24bn from Fl 1.87bn, while orders received edged up 9½ per cent to Fl 2.03bn from Fl 1.85bn. Contracts from abroad stabilised at 71 per cent, the same level as the previous year.

The divisions producing paper and textile machines, engineering and industrial implements as well as poultry-fodder mixers performed well. In the air-conditioning division, however, provisions were made for a troubled hospital project in Saudi Arabia.

Deutsche Bank starts year strongly

BY JONATHAN CARR IN FRANKFURT

DEUTSCHE BANK, West Germany's biggest commercial bank, has made a strong start to 1985 after raising its group operating profit by 1.3 per cent last year to a new record level believed close to DM 4bn ($1.26bn).

Profits from the interest business rose in the first two months of this year by 3.5 per cent while earnings from commissions were up by 13 per cent.

Dr F. Wilhelm Christians, one of the two speakers (co-chairmen) of the board, noted that credit volume had been raised, making up for a fall in the bank's interest margin.

He said the margin—the difference between interest earned and paid—was down to 3.07 per cent compared with an average 3.16 per cent in 1984. Further pressure on the margin was to be feared this year, but the bank would seek to compensate by boosting business volume and earnings from trading on its own account.

All the big three German banks have now announced lower interest margins for this year, but Deutsche Bank remains ahead of the field. The Dresdner's margin is below last year's 2.7 per cent (by an unspecified amount) and Commerzbank's is down to below 2.5 per cent from 2.61 per cent.

Last year Deutsche Bank's partial operating profit (which includes interest and commission earnings less operating expenses) was down by 3.5 per cent in the parent bank to DM 1.53bn and in the group by 0.9 per cent to DM 2.87bn.

However, in each case full operating profits was above the result of 1983, thanks to a particularly strong showing in the bank's trading on its own account.

In common with other German banks, Deutsche Bank refuses to specify its operating profit figure. A sum of DM 3.7bn for the group result, mentioned during the bank's annual press conference this week, is believed in fact to be on the low side.

Dresdner Bank's operating profit last year was somewhat over DM 2bn and Commerzbank's more than DM 1bn. In each case the figures are said to be a little lower than in 1983.

Deutsche Bank's accounts show lower sums being set aside for risk provision both in the parent bank, down from DM 826m in 1983 to DM 673m, and in the group, from DM 1.5bn to DM 1.3bn.

But officials stressed that the published figures did not represent the full sums in fact set aside, and it would be quite wrong to conclude Deutsche Bank believed the debt crisis was virtually over.

Dr Wilfried Guth, the other spokesman, confirmed reports last month that the European Asian Bank, in which Deutsche has a 60 per cent stake, is setting aside greatly increased risk provision for 1984 because of possible losses, mainly on business in Taiwan.

Dr Guth gave no figure—but the sum involved is believed to be several hundred million D-marks.

Alusuisse expects to hold steady for 1985

BY JOHN WICKS IN ZURICH

ALUSUISSE, the Swiss industrial concern, expects this year's results to be of about the same order as those for 1984.

Mr Emanuel R. Meyer, chairman, said this could mean a repeat of the 6 per cent dividend.

The 1984 dividend, announced earlier this month, will be the first pay-out since 1981. It follows a major recovery at Alusuisse which last year returned net profits of SwFr 168.7m ($63.6m) after a loss of SwFr 82m in 1983.

With the exception of the small engineering division, all sectors contributed to the improved 1984 results. The aluminium division, which accounted for two-thirds of turnover, returned to profits thanks to increased demand and a long-term reorganisation programme.

According to Dr Bruno Sorato, president and chief executive of parent company Swiss Aluminium, the strength of the dollar had "little or no" net effect on the group earnings.

While the higher dollar led to a rise in the European aluminium price and aided exports to the U.S., it also increased interest and raw-material costs, and meant that imports depressed prices for the group's American subsidiaries.

With regard to 1985, group capacity is showing generally good rates. Corporate restructuring costs, which have amounted to SwFr 572.3m since 1982, will this year be of only some SwFr 80m. They should fall to an estimated SwFr 20m in 1986.

Capital investments are put at around SwFr 420m. The group may carry out further divestments. It is still interested in selling Heyward-Robinson, the New York engineering unit. It seems likely that the remaining operations at the New Johnsonville smelter in Tennessee will close next year.

● Campbell Soup of the U.S. is seeking a listing on the Zurich, Geneva and Basle bourses. Credit Suisse is handling the introduction.

Industrie Pirelli back in black on higher sales

BY JAMES BUXTON IN ROME

INDUSTRIE PIRELLI, the Italian operating subsidiary of Pirelli tyres and cables group, returned to profit last year after two years of substantial losses.

The company, which operates predominantly in the tyres sector, made net profits of L77.6bn ($8.8m) on sales of L2,100bn. In 1983 it lost L33.3bn and it recored a deficit of L15.8bn in 1982.

The improved figures from Industrie Pirelli — which accounts for about 30 per cent of the Pirelli group's global turnover —reflects both improved operating results and better financial performance.

Sales, of which a third were exported, rose by 12 per cent. Cable operations improved further while tyres went into profit.

Industrie Pirelli is in the midst of a major restructuring of its tyre operations. It is to close tyre making at its Bicocca plant in Milan, laying off 2,400 workers, and is to build a new plant on a greenfield site elsewhere in the Milan area. It is completing the gradual absorption of the tyre making and selling operations of its only Italian-owned rival, the Ceat group.

Italian unit trusts show rapid investment growth

BY ALAN FRIEDMAN IN MILAN

ITALY'S newly created unit trusts reached a total of L5,037bn ($2.5bn) in investment funds at the end of March, an increase of $700m in one month and more than a fourfold increase in the months.

The latest figures for the 23 approved funds confirm that the trusts, which offer tax-free capital gains if distributed as income, are fast becoming the hottest development in Italian finance.

The trusts, authorised by legislation in 1983, began operating last summer. The largest, ARCA, a fund managed jointly for Italy's numerous cooperative banks, has attracted L1,294bn in six months.

The fund has two separate portfolios, one for government bonds (54 per cent of total invested funds) and the other for shares (46 per cent).

The Bank of Italy has authorised a total of 27 fund management companies which will be permitted to offer a total of 44 unit trusts in Italy. In the past month the number of funds operating has increased from 15 to 23.

Designed to attract small investors, the growth has been extraordinary. In the last 10 days, for example, the Banco di Roma's two trusts have attracted L258bn.

● Farmitalia Carlo Erba, the main drugs operating company of the Montedison chemicals group, reports a modest decline in net profits for 1984. The result is L64.2bn ($32.1m), against L67.4bn.

Sales rose by 17 per cent to L932bn with exports increasing their share of the total to 67 per cent from the 65 per cent of 1983.

The company is stepping up its dividend from L400 a share to L600.

Elsevier sees slowdown in current year

By Our Financial Staff

ELSEVIER, the Dutch publishing group which increased profits sharply in 1984, expects the business momentum to slow during the current 12 months.

At the per-share level, however, profits are forecast to be at least maintained, despite the recent capital increase.

North America accounted for almost a fifth of total sales of Fl 1.44bn ($397m) last year, and the bulk of profits which rose by 40 per cent to Fl 75.8m, largely as a result of the strong dollar.

The group unveiled plans for an aggressive U.S. expansion programme through acquisitions aimed at doubling U.S. sales by 1990. By that time, it would hope to have increased U.S. sales to 50 per cent of its total turnover.

The acquisition hunt is already under way. The company said: "We are continuously looking at acquisitions in the U.S. We are looking very hard.

"Our cash position has grown to about Fl 500m and we have quite a lot of loan capacity."

Although declining to identify potential acquisition candidates, Elsevier has its eye on several U.S. concerns. Its list of target companies includes business, professional and scientific publishers.

Montedison retail arm trebles profit

By Our Milan Correspondent

STANDA, the retailing subsidiary of the Montedison group, last year nearly trebled net profits to L26.9bn ($13.5m).

The increase comes only a year after the group doubled net profits to L9.4bn and reflects the management's emphasis on cost containment, particularly in wages.

Group sales increased by 13.9 per cent to L2,357bn. Turnover for the department stores was L1,929bn.

John Griffiths reports on a leading U.S. car group's ambitions

Chrysler may take Liberty abroad

CHRYSLER'S car and "truck" operations are undergoing substantial structural change within a $10.5bn capital investment programme planned up to 1988.

They include a major new car production project, designed like General Motors' Saturn venture to allow small cars to be built cost-competitively with the Japanese industry. But even this project could be shifted outside the U.S., according to Mr Robert Miller, executive vice-president and chief financial officer, unless U.S. unions are prepared to abandon "wasteful" work practices and the Reagan Administration moves to provide a fairer climate in which the U.S. industry can operate.

Mr Miller made his point in London during a tour of European financial centres by senior Chrysler financial executives, aimed primarily at improving Chrysler's access to Eurodollar markets.

His warning followed an announcement last month by Mr Lee Iacocca, Chrysler's chairman, that in the near-term at least, Chrysler is to rely for small car sales on greatly increased imports from Mitsubishi of Japan, in which Chrysler has a 15 per cent holding. At the same time, the company's U.S. plants are shifting emphasis to the production of larger, up-market cars.

Mr Miller stressed that Chrysler is not preparing to "abandon" small car production to the Japanese.

But the corporation, which has achieved perhaps the most remarkable turnround in U.S. business history—going from the brink of bankruptcy in 1980 to record $2.4bn profits last year—is bitterly critical both of the Reagan Administration's decision to end restraints on Japanese car imports and its apparent unwillingness to act on currency and tax structures to the benefit of the U.S. industry.

"We're deeply concerned about the yen's low value against the dollar. The relationship is completely out of whack — it's been rigged by the Japanese and they're being allowed to get away with it," observes Mr Miller. U.S. tax regimes also discriminate against domestic producers, he maintains.

And until there is fundamental change, embracing also higher labour productivity, Chrysler's senior executive insist that the company is prepared to shift as much sourcing overseas as it feels necessary to maintain sales volumes, dealer networks and profitability, while other elements of its strategy are put into place.

Mr Iacocca is making clear that Chrysler, with its U.S. production, is intent on carving out a distinct niche in the market-place as a manufacturer of up-market cars. An analogy is drawn with Mercedes' position in Europe as representing the desired role of Chrysler within North America.

A substantial proportion of its investment over the next three years is being committed to this end. The company's $10.5bn budget subdivides into $3.5bn being spent on car development and introductions, $1.1bn on engines/transmissions, $3.8bn on production facilities, including modernisation and $2.1bn on developing its surging "truck" business. (The latter, however, is a misnomer—production is entirely of vans and pick-ups, the majority of which are seven-seater "people carrier" mini-vans used 90 per cent by private motorists deserting the traditional station wagon.)

Much of the planned investment in the small car venture, the Liberty project, is contained within this total.

Most observers of the industry accept that there is some difficulty in differentiating Chrysler's true intentions from the almost Messianic campaign being waged by its senior figures on the political front to obtain changes in Federal policies.

However, Mr Miller's warning that the Liberty project could go "offshore from the U.S."—he has not suggested a possible location—has been given substance by Chrysler's decision, also announced in March, not to proceed with options taken up last year on two potential U.S. manufacturing sites at Indianapolis, Indiana and Peoria, Illinois.

Although the Liberty project was unveiled publicly only a few days ago, it was intended originally to have been located at one of these sites. The second site was expected to have been used for a new minivan project.

Mr Iacocca, repeating a theme which has become familiar since the publication of his best-selling autobiography and his rise to folk hero status in the U.S., again blamed the prospect of intensified Japanese competition — both from their own American plants and now theoretically unrestricted direct imports — for the decision not to proceed.

The announcement by Japan's Ministry of Trade and Industry —to ritual protest from Japanese manufacturers — that it is imposing its own constraints on car exports to the U.S. (nevertheless allowing them to rise from 1.85m to 2.3m) will have done little to change Chrysler's stance on its short-term approach to the small car market.

Under it, Chrysler is to import 200,000 additional Mitsubishi small cars a year, on top of the 87,500 a year currently imported.

Meanwhile, Chrysler is making much play of the Liberty project, wherever it is located finally. Mr Miller insists that the Liberty car, to be built in modular form and using all the latest technology and just-in-time inventory systems General Motors is applying to its Saturn project, will beat the GM product to the marketplace. Quite how it plans to achieve that, given that not even a site exists, remains unclear. GM intends to bring its Saturn cars to market by the end of the 1980s from a new complex near Detroit.

It is clear that Chrysler resents the huge publicity coup gained by GM from its Saturn project which, GM professes, will allow it to wipe out a current cost advantage enjoyed by Japanese imports of about $1,500 a car. Chrysler executives suggest that it is serving to paper over GM's own moves to shift more sourcing to the Far East.

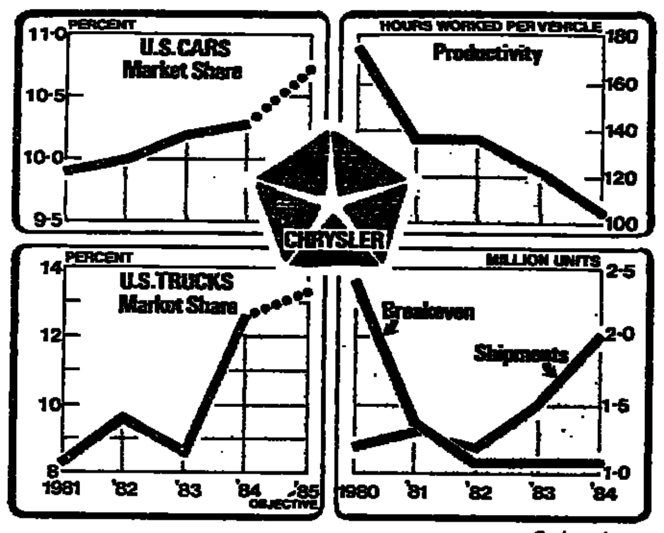
GM has contracts to import 200,000 small cars a year from Isuzu, in which it has a 34 per cent holding, and 84,000 a year from Suzuki, in which it has a 5 per cent stake.

One area in which Chrysler expects to make particular progress this year is in its production and sales of vans and pick-ups. Its seven-seater minivans, a concept it claims to have pioneered in the U.S., have been largely responsible for a spectacular increase in its share of the U.S. "truck" market, from 8.7 per cent to 12.6 per cent last year.

This year, says Mr Miller, Chrysler's share should rise further, to 14 per cent. Production of the vans is already running at 1,000 a day and the company is planning to expand capacity by opening up a second plant to produce a stretched version.

Chrysler is looking for possibly even higher profits this year if the U.S. market overall continues to expand, based on the fact that for the past three years it has maintained its breakeven output level at 1.1m units a year — down from 2.4m in 1980 — while shipments have climbed over the same period from 1.2m to 2m.

And despite Mr Miller's insistence that its U.S. employees must dispense with "wasteful work rules, waste, period and abuse of fringe benefits," it has still been able to show financial institutions during its current trawl through Europe that productivity in terms of man-hours per vehicle has improved by 40 per cent since 1980, from 175 hours per vehicle to 105.



Graham Lever

Lee Iacocca: due to visit Tokyo on April 14

Mitsubishi stake rise studied

CHRYSLER MAY increase its equity stake in Mitsubishi Motors Corporation (MMC), its privately held Japanese affiliate, according to a report in Japan's Nihon Keizai Shimbun newspaper, writes Robert Cottrell in Tokyo.

MMC said yesterday: "Mitsubishi Motors is discussing a number of matters with Chrysler, but we have neither decided nor agreed anything." One possible date for a major announcement about the two companies' relationship would be April 14 when Mr Lee Iacocca, Chrysler's chairman, is due to visit Tokyo.

MMC is presently owned 15 per cent by Chrysler and 85 per cent by Mitsubishi Heavy Industries, one of Japan's largest engineering groups. It is Japan's fifth largest car maker, with provisionally estimated net profits of Y16bn ($63.2m) on sales of Y1,390bn for the year to last month.

According to the report, on which MMC declined any further comment, MHI would reduce its shareholding in MMC to 30 per cent. Chrysler would raise its stake to 24 per cent, while the outstanding shares would be distributed between other companies in the loosely-knit Mitsubishi group, including Mitsubihsi Corporation, Japan's largest general trading house.

The newspaper said the adjustment of ownership could be the prelude to a listing of MMC on the Tokyo Stock Exchange, and that it might be linked to plans for an MMC-Chrysler joint manufacturing plant in the U.S. MMC said yesterday it has been studying the possibility of such a plant, but again no decisions have been taken.

Head of Government statistical service

Mr Jack Hibbert has been appointed to succeed Sir John Boreham as director of the CENTRAL STATISTICAL OFFICE and head of the Government statistical service from August 1. Mr Hibbert joined the Central Statistical Office in 1960. He was promoted in 1970 to chief statistician. He spent a period on loan as a consultant to OECD and EUROSTAT in 1981. On his return in 1982 he joined the Department of Trade and Industry on appointment to his present post as head of statistics division 2.

★

Mr G. N. (Geoff) Davies has joined the board of TAYLOR WOODROW. He is managing director of Taylor Woodrow Construction, chairman of Taylor Woodrow Construction (Scotland) and chairman and managing director of Taywood-Santa Fe.

★

Mr William Ecott Rhys has been appointed a member of the South Wales regional board of LLOYDS BANK. He is chairman of S. A. Brain & Co.

★

Mr John Trevor has been appointed chairman of J. TEVOR MORTLEMAN & POLAND in succession to Mr John Poland.

★

Mr Bruce Chivers has been appointed chairman of W. E. CHIVERS HOLDINGS following the retirement of Mr Peter Chivers from executive directorship of the Holdings board.

★

C. Czarnikow, London, and TransMarket Group Inc, Chicago, have formed a new partnership to act as brokers in financial futures and options — CZARNIKOW TRANSMARKET. The board consists of: Mr Michael D. Chataway, chairman; Mr Nicholas E. H. Mason, chief executive; Mr William M. Feldman; Mr Michael R. Liddiard, Mr James G. McCormick; and Mr Lawrence M. Becerra.

★

Mr Peter Cooper has joined CONTINENTAL REINSURANCE CORPORATION (UK) as financial controller and company secretary. He was chief accountant at the Terra Nova Insurance Co.

★

Mr Jeffrey Palmer has been appointed director of marketing services for SHOWERINGS, VINE PRODUCTS AND WHITEWAYS division of Allied-Lyons. He was managing director of Allied Products.

★

Mr Graham A. Coles has been promoted to secretary of the JAMES HALSTEAD GROUP. He was assistant secretary.

★

Mr D. G. Inns has been appointed director of finance and Mr P. F. Shurlock has been appointed director of business development at BASS.

★

Mr Simon Grove has joined DE ZOETE AND BEVAN, stockbrokers, and will be responsible for establishing a Tokyo representative office for the firm in the near future. He was formerly Tokyo representative of Grieveson, Grant and Company.

★

Lord Peyton of Yeovil, Mr David Norton and Mr Patrick J. J. Rich have been elected directors of ALCAN ALUMINIUM, parent company of British Alcan Aluminium. Lord Peyton is a directors of the company's principal subsidiary in the UK and chairman of Texas Instruments. He is a director of London and Manchester Group, West's Group International and Xenotron. Mr Morton is regional executive vice-president, the Americas, for Alcan Aluminium and president and chief executive officer of the Aluminum Company of Canada, the company's principal subsidiary. He joined the company in 1954 in the UK. Mr Rich is regional executive vice-president, Europe, Middle East and Africa, of Alcan Aluminium. He joined the company in 1959. He is a director of Bekaert, Belgium, and the BOC Group in the UK. The new directors succeed Mr Paul H. Leman, Mr John H. Hale and Dr Joachim Zahn who did not stand for re-election.

★

Mr J. W. Holloway has been appointed managing director of THE DISTILLERS CO, food group. He succeeds Mr T. Tiplady who has retired.

★

Mr J. D. Eccles has resigned from the board of THE BORDER & SOUTHERN STOCKHOLDERS TRUST on taking up his appointment as general manager of The Commonwealth Development Corporation.

★

PRESTWICH HOLDINGS has appointed Mr Brian Simmonds to the board.

★

Mr William Nuttall, has been appointed financial director of LANGUAGE SCHOOL HOLDINGS, the holding company of Linguarama. He was formerly financial director for the overseas and mail order divisions of Fine Art Developments.

★

Dr J. D. Place has been appointed a director of DELTA CONTROLS, part of Concentric. He was development manager with Delta.

The PENSIONS MANAGEMENT INSTITUTE has elected the following officers for 1985-86 to serve from July 11: Mr Edward A. Johnston (Government Actuary) as president, Mr Ben J. Carroll (regional director —Noble Lowndes and Partners) and Mr Brian W. T. Dawson (senior actuary — Commercial Union Assurance Company) as vice presidents; and Mr Alan C. Chapman (group pensions executive—Ranks Hovis McDougall) as honorary treasurer.

Mr Peter Palsey has been appointed financial director by DORIC COMPUTER SYSTEMS.

★

Mr David Cole, financial director and company secretary of Morlock Industries, has been appointed group financial director to the ELLISON GROUP. Mr Roderick E. Wilkes, marketing director of Morlock Industries, becomes group marketing director to the Ellison Group.

★

Mr David Page has been appointed managing director of MGB TILES, part of Manders (Holdings).

★

Mr Alan Kaye has been appointed group chief executive of DOBSON PARK INDUSTRIES.

★

Mr R. A. Onians, Mr W. Thewlis and Dr J. Walker have been appointed non-executive directors of SPECTROS INTERNATIONAL.

★

Mr Chris Ford has been appointed a director of AMARI WORLD STEEL, Amari World Metals and Amari World Stainless. He was a director of the Alloy and Metal Group.

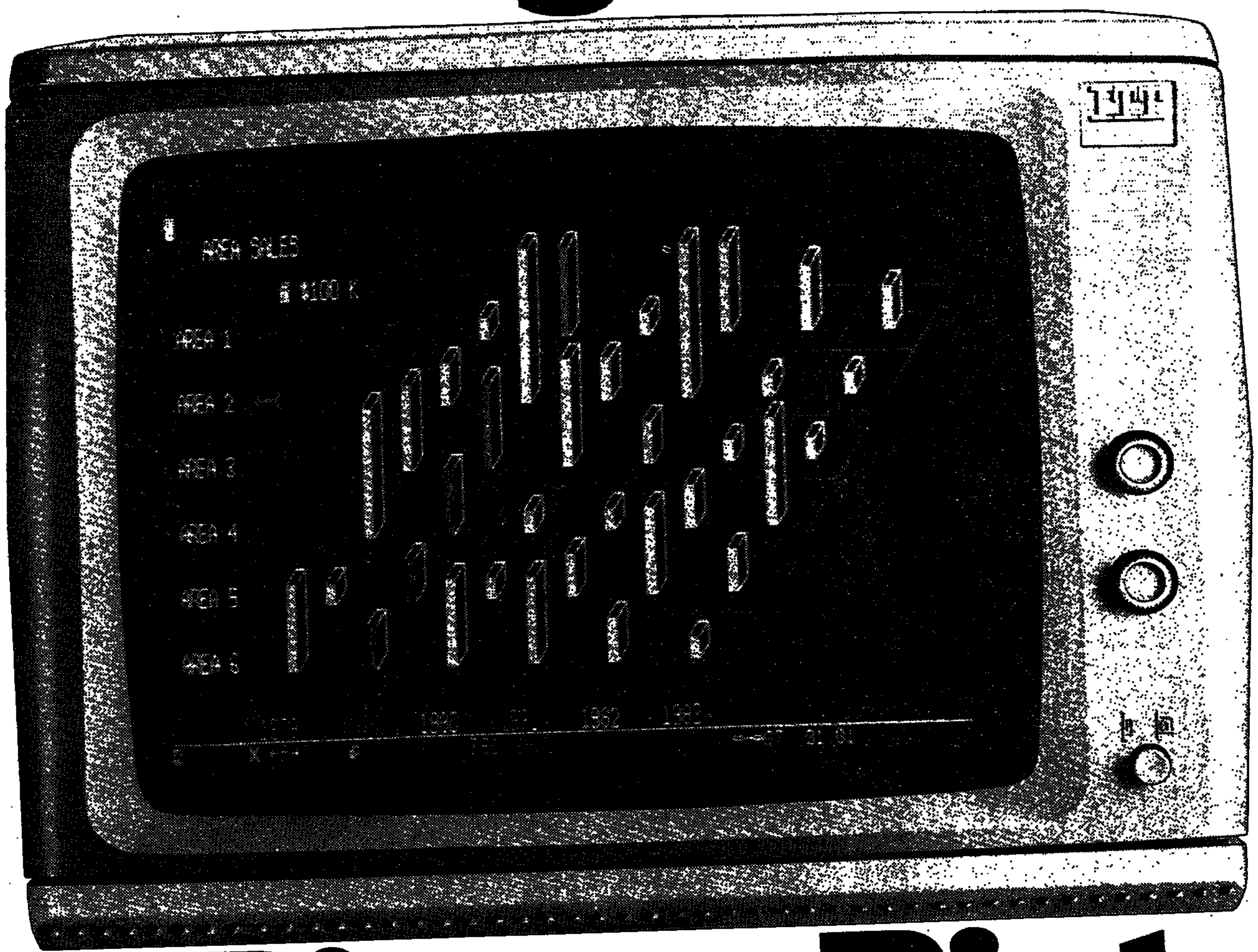
★

Mr J. R. Wells, group finance director, retires from the board of COSTAIN GROUP at the end of July. Mr T. W. Slee, at present group financial controller, is to join the board as group finance director.

★

Mr David S. Ritchie, technical director of BARR & STROUD will retire from the board on June 30. He will continue as a consultant. Dr Arthur G. Slight has joined the board as research director, and Mr Martin I. Bell has joined as engineering director.

The Big Picture.

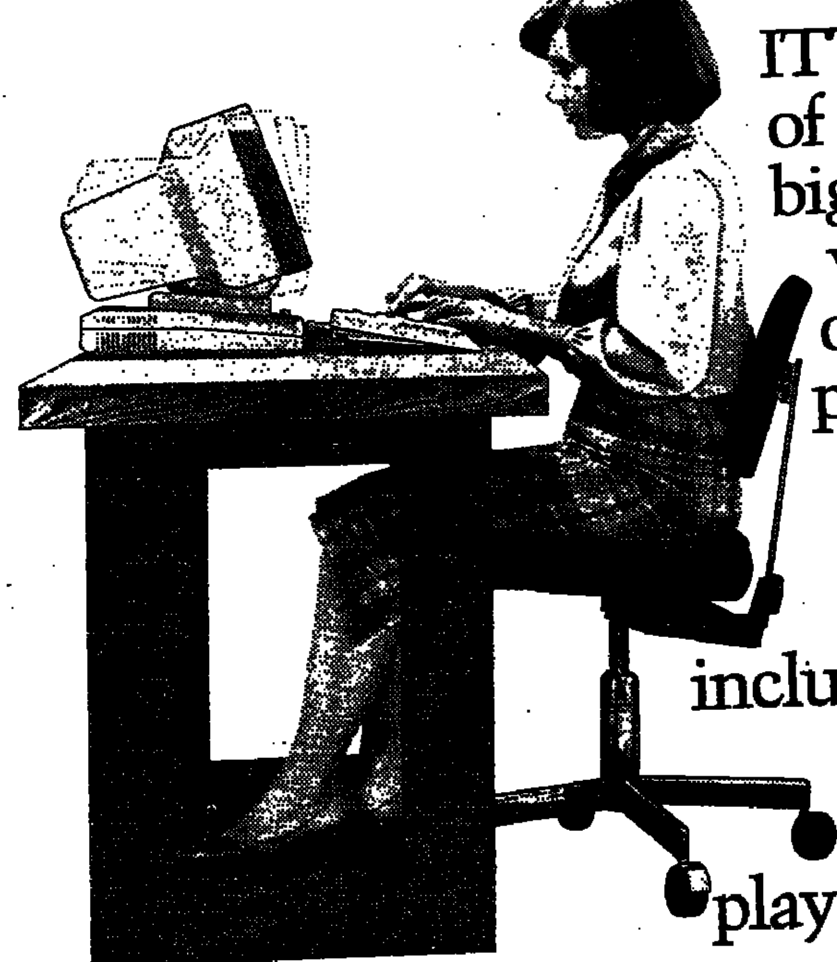


The Bigger Picture.

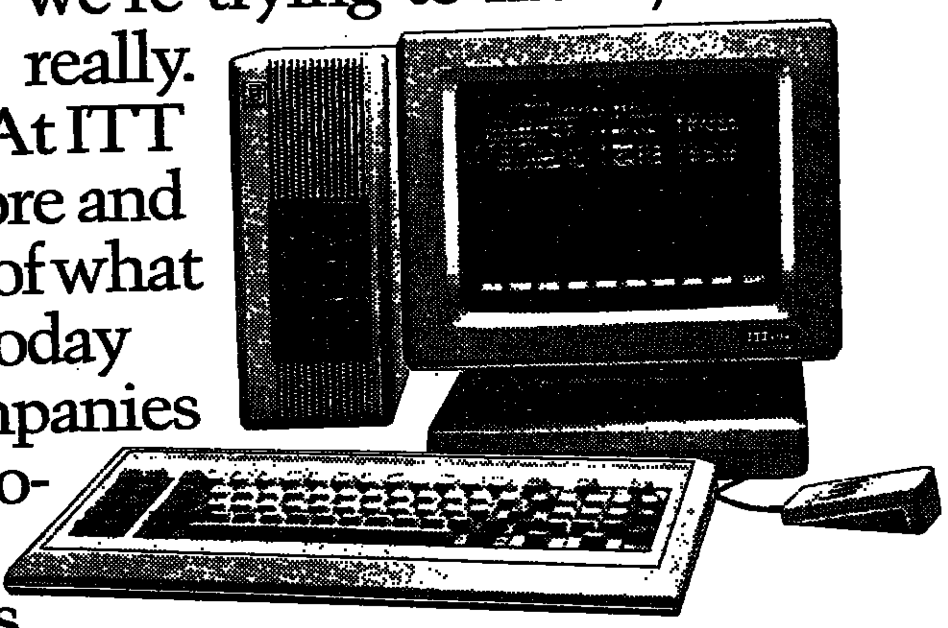
The big picture, above, is displayed on the ITT 9236 color display terminal.

Which lets one organize business data in big, colorful, easy-to-read graphics.

But the ITT 9236 is only part of the picture. The bigger picture is the whole 9000 series of display terminal products from ITT.



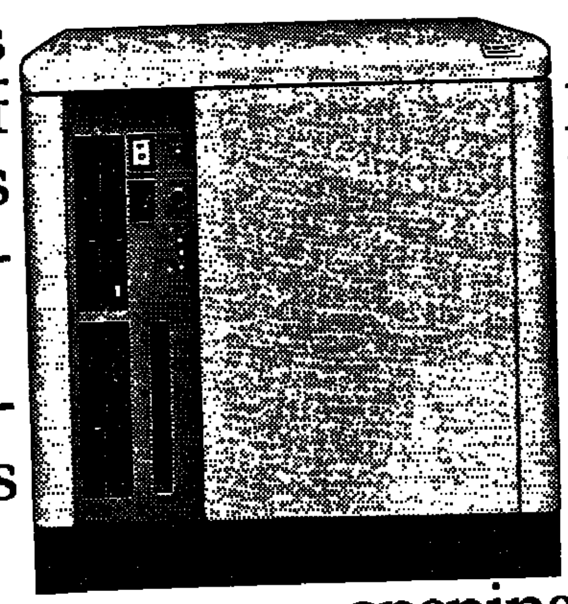
This family of products includes everything from display terminals and printers, to our ITT XTRA™ Personal Computer.



It includes something else: a variety of highly sophisticated technologies.

And that's the point we're trying to make, really.

At ITT more and more of what we're doing today involves companies in high technology, or other growing fields.



In fact, as a matter of corporate strategy, we're concentrating our resources on such businesses.

The result is a very different ITT. But it's one for which we see unusual opportunities -and rewards- opening up. If you get the picture.

ITT

It's a different world today.

ITT European Headquarters, Avenue Louise 480, B-1050 Brussels, Belgium.

THE MANAGEMENT PAGE : Marketing and Advertising

EDITED BY CHRISTOPHER LORENZ

Going public

Whither the second generation?

Highly rated agencies are under pressure to perform. Feona McEwan reports.

Leonard Burt

The London Stock Exchange may well entice a further batch of advertising agencies.

WHEN THE second generation of advertising agencies ventured onto the Stock Exchange just over two years ago, the air was thick with warnings, reservations and general breath-holding. The established first guard (Saatchi, Geers Gross, Brunning) had blazed a successful trail. Saatchis almost single-handedly had done much to massage city nerves made raw from earlier traumas (Bensons, Dorlands and bright star Knightley Manton and Palmer variously became unstuck) but the questions kept on coming.

Did they have the managemet skills? Could they keep key staff? Would creative standards flop? Would account decisions become lily-livered under the presure to see thta the share price was always right? World agencies accept new business for money reasons only?

These are some of the challenges faced by publicly quoted Boase Massimi Pollitt, Wight Collins Rutherford Scott, Valin Pollen and Lowe Howard-Spink Campbell-Ewald. Others in related fields of public relations, design and sales promotion felt similar pressures.

Now that a further batch of agencies is lining up on the starting blocks—Abbott Mead Vickers, Grandfield Rork Collins, Gold Greenlees Trott, and Chetwynd Street's Group are known to be seriously considering the move, how are the second generation of public companies, with post-issue euphoria now behind them, coping with life in the glass house?

The enthusiasm to go public marks a shift away from U.S. domination of the UK scene. "Whereas UK domestic agencies in the 1960s and 1970s were subsidiaries of the U.S., now there's a strong independent movement funded for growth future," as one adman puts it, "with lock-ins for key personnel so succession of management is assured."

Going public offers agencies a way of capitalising on their success without yielding to a third party (often American), which until now has been the only route for agencies to follow.

The "second generation" agencies are pretty bullish about things, both individually and the sector as a whole, but then they would be, wouldn't they? There's no denying the continuing fashion for this glamour stock as share prices sparkle and price / earnings ratios, for the moment at least, soar to heady heights.

The astronomically-rated agency Valin Pollen (floated January 1984) is keenly aware of the pressure to perform. "We're doing very well, and the market likes us," says chief executive Reg Valin, "but if we don't perform well, there's a complementary effect on our share price so we must keep pedalling fast." The pluses, he reckons, far outweigh any minuses. "We've been able to raise money to invest in the business (to computerise, to build a conference complex) and to clear personal debts—before January 1984 we had to give personal guarantees on everything from buying a car to leasing a building.

"It has also made our marketing effort much easier. Being more visible and better known has attracted new business which might not have come by this stage of our development. In the first four years, we were beating on doors, now companies come to us at the rate of about one a week. In fact our new business development director has been worked out of a job and he's leavin.

WCRS launched itself on the Unlisted Securities Market in January 1983 to intense speculation about its abilities. "Being young and having started as four people in a hotel room, we were suspect," says Peter Scott, the fourth and managing partner. "Evidence shows we're not on a short-term hit and run mission. We're seen as a good business as well as a good advertising agency which has delivered, so far." Clients too like the public status. Many companies it works for are public "responding to the same disciplines" which creates a readier trust.

Scott believes the risks of going public are not overweening for those with their eyes open—that is in having a sustained growth dynamic you can deliver. "You must believe," he says, "that outside commentators in the media and shareholders are a good business discipline."

BMP is living proof that going public can be commensurate with high creative standards. The agency has already swept the board in this year's Campaign press awards and looks set to do the same in other arenas. Overcaution need not cloud judgment, persuades chairman Martin Boase, citing his agency's recent resignation of the Johnson and Johnson account following a disagreement.

"Inevitably a rating puts expectations on you of probably 25 per cent compound growth, following the Saatchi expectations and that is year-in-year-out," he says. "It can be achieved organically but in the end you must look inorganically. That's why, so early in our history we are working towards a group of market services companies, autonomously run, to join us."

Chief executive of Lowe Howard-Spink (which went public in June 1984), Tim Bell (ex-Saatchi) has his own view on the City. "Anyone who lets the City run them is a fool," he says. "What you must worry about is the shareholder. This means approaching investments as if it were one's own money and doing the right job for him. It's all a matter of expectation. Don't create false hopes; that's a nightmare in itself. The most important thing is not to look over your shoulder and say we must be like Saatchis, or BMP or whoever."

For the moment, the advertising and marketing sector may look comfy enough, but just where is all the expected growth to come from? After all, television revenues are falling, the budget move to abolish the ceiling on national insurance contributions has jacked up overheads and the VAT repercussions have yet to work their way through.

Remember the quoted companies are better than average in their field, reminds Mark Sheppard of Phillips and Drew.

There is always the fear that a weak link in the sector could taint the whole. "As company numbers increase, the chances are such that sooner or later one breaks the pattern," says analyst Malcolm Kitchen, of Hoare Govett.

"I worry, as I'm sure do others," says Peter Scott, "that some people will consider the move to go public on the basis of one year's good figures only."

Boase feels one bad apple won't spoil the barrel. "I think the City is better informed than two years ago about our business." Kitchen concurs. "The bigger the body of knowledge each agency establishes about itself in the City, the less the risk that the problems of one will become the problems of another," though he believes the finer points of advertising are still not understood by the City, as much as, say, widgets.

Analysts are concerned too that the Saatchis may be seen as the only role model. There is the danger that agencies may feel constrained to perform not just as good advertisers but to acquire too, and sooner than they might have the management capability to do so. "Running one industry in one country is one thing," as one analyst puts it, "but running a group with overseas connections is quite another."

Not all companies are seduced by the "public" argument, of course. One disenchanted voice comes from a hi-tech company chairman who admits that given a chance, he wouldn't go public again. "Everything is seen," he says. "You run into any problem, however small, and it's put under the microscope, examined in isolation, regardless of your track record. Even a director leaving, and it may be for simple career reasons, will elicit questions from all sides about underlying causes."

A final note of optimism from the Advertising Association. Research director, Mike Waterson, reports that from all the evidence available to the AA "there's no obvious reason why advertising expenditure should ease in the forseeable future. "In terms of profitability, UK companies are now rivalling France, West Germany and the U.S. which gives British agencies plenty of scope as long as they can parallel domestic industrial growth."

Marketing aids

When video can get the message to employees

BY CARLA RAPOPORT

IN AN up-market London club recently, a friend tried to check in a coat, hat and scarf. The beautifully-dresed attendant handed back the hat and said airily: "I'm afraid we can't accommodate this. We don't do hats."

Service is not a refined art in Britain. Marketing, of which providing a good service is an essential part, is also something which most British companies could do much better.

On the contrary, there seems to be a positive joy with which some employees actually relish their inability to provide a service. Like the smiling cloakroom attendant, one can sometimes see a satisfied gleam in the eye of a publican who informs you that the food is "finished."

So how can a company improve its service to its customers and sell more of its goods, if the natural inclinatons of its employees run in the opposite direction? An expensive route is to send each and every worker on a course on marketing, one that explains the individual's role in the process, from product research to the shop shelf.

Another route is the in-house video course, specially designed for the company, aimed at explaining all the tasks as well as their collective importance to the group's overall success in the marketplace. McDonalds, the U.S. hamburger chain, has perfected this art through the creation of tailor-made courses, with descriptive videos. These illustrate everything from cleaning a gridle to smiling, all within the context that the company's success depends entirely on each employee's efforts.

But a tailor-made video cannot be made for less than £10,000 these days, a sum that may be out of reach for those companies which most need help with marketing. A young company, Marketing Today, a subsidiary of Crown International Productions, has come up with a cheaper alternative.

The company has written, researched and produced a series of six video cassettes on marketing. At £245 for a week's rental, the series is within the budget of most small companies. For most of them, a course which presents the concepts of marketing, in almost idiot terms, to all of one's employees for such a price is probably something to consider.

Nonetheless, the series has its problems. It works on a case-study basis, using well-known companies such as Apple Computers and Rowntree Mackintosh. With only one major exception, all the cases are success stories. A great deal can be learned from failures as well, no doubt, but it is difficult to get cameras into companies which have flopped in the market place.

The other major problem of the series is that it is quite historical. A great deal of marketing has to do with looking forward, taking a few risks and showing some flair. These qualities are intangibles which simply cannot be taught.

"Marketing is something nobody ever *learns*," admits Gabrielle O'Connor, a researcher on the Marketing Today series. Nonetheless, she points out that an explanation of the theory behind a particular product launch or advertising campaign provides a basis upon which employees can better understand the wider goals of a marketing effort and his or her own place within it.

On the more positive side, video, a relatively young form of educaton, is quite suited to the concept of marketing. Although the remarkably loquacious John Harvey-Jones of ICI comes across as a senior librarian, other lesser known businessmen present a very lively picture of the verve and determination needed to succeed in marketing.

One of these, John Neill, group managing director of Unipart, BL's automotive parts retailing subsidiary, says in the first programme: "All of us (in the motor trade) went around reassuring ourselves (during the recession) that everything was going to be OK." That wasn't good enough, he goes on to say, and aptly describes how Unipart survived the recession and continues to thrive.

The course cannot be a replacement for an energetic marketing manager, nor should it be. But for the marketing manager who wants to get through to the cloakroom attendant, a short series on the basics of marketing is probably a reasonable start.

Marketing Today, Greenstar House, 111, Hare Lane, Claygate, Esher, Surrey, KT1 10 OQY.

Company Notices

COMMERZBANK AKTIENGESELLSCHAFT

The Annual General Meeting of Commerzbank A.G. will be held in Berlin on 15th May, 1985.

Agenda for the Meeting.

1. To present — The Annual Statement of Accounts and Annual Report of the Board of Management,
   — The Annual Report of the Supervisory Board, and
   — The Consolidated Annual Accounts and Annual Report, all for 1984;
2. To approve the payment of a dividend of DM 6.00 for every DM 50 nominal amount of Shares held;
3. To approve the actions of the Board Management for 1984;
4. To approve the actions of the Supervisory Board for 1984;
5. To elect one member to the Supervisory Board;
6. To authorise the Board of Management to issue up to DM 500 million Profit Sharing Certificates at any time until 15th May, 1990 with subscription rights for shareholders (fractions will be excluded);
7. To appoint the Auditors for 1985.

United Kingdom shareholders who wish to attend and vote at the Annual General Meeting should inform S. G. Warburg & Co. Ltd., 33, King William Street, London, EC4R 9AS, or Commerzbank A.G., London Branch, 10/11, Austin Friars, London, EC2P 2JD by 7th May1985, either of whom will make the necessary arrangements on their behalf.

Copies of the Company's Annual Report for 1984 in German will be available shortly from S. G. Warburg & Co. Ltd. The report in English is in course of preparation.

COMMERZBANK AKTIENGESELLSCHAFT

4th April, 1985

OY WARTSILA AB

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Oy Wartsila Ab will be held on Tuesday, 23 April 1985 at 4.00 pm, in the Congress wing of the Finlandia Hall, Helsinki, Finland. Entrance is either from Mannerheimintie or Karamzininkatu 4.

The Agenda for the Meeting will comprise the statutory matters arising from the Articles of Association, 16.

The President of Wartsila will present an outlook on the business operations of the Company, including a statement on markets and the employment situation.

The Financial Statements and Accounts will be available for inspection to shareholders during the week before the Annual General Meeting. The Annual Report for 1984 will be obtainable from 1 April 1985 at the Company's Central Administration in Helsinki, John Stenbergin ranta 2 and in the Arabia-Nuutajärvi shop, Pohjoisesplanadi 25.

Shareholders who wish to attend the Annual General Meeting are requested to notify the Company thereof by 18 April 1985 before 4.00 pm either by letter addressed to Oy Wartsila Ab, Box 230, 00101 Helsinki, Finland or by telephone on +358 0 7095 338. A shareholder can appoint a proxy to attend and vote for him. Forms of proxy must reach Wartsila before the expiry of notification period to be valid.

SOFINA
Societe anonyme
Registered Office:
38 rue de Naples,
Ixelles-Bruxelles.
Commercial Register of Brussels
No. 270194

NOTICE OF ORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the ORDINARY GENERAL MEETING OF SHAREHOLDERS will be held at the Registered Office of the Company on Thursday, 25th April 1985 at 2.30 pm to consider the following Agenda:

AGENDA

1. Report of the Board of Directors and of the Auditors on the Company's activities during the financial year 1984.
2. Balance Sheet and Profit and Loss Account for the financial year 1984 and Appropriation of Profits.
3. Discharge to be given to the Directors and Auditors.
4. Statutory appointments. Number of Directors. Emoluments.

Shareholders wishing to attend or to be represented at the Meeting must comply with Article 30 of the Company's Bye-Laws.

Bearer shares must be deposited up to and including the 19th April 1985 during business hours at the counters designated to receive them, at the Registered Office of the Company (Entrance: 25, rue du Champ de Mars), and:
In London at the
Banque Belge Ltd.,
4 Bishopsgate,
London EC2N 4AD.
and the
Midland Bank PLC,
International Division,
PO Box 181, 110-114 Cannon Street,
London EC4N 6AA.

By Order of the Board

HOWARD AND WYNDHAM PLC

In the petition of HOWARD AND WYNDHAM PLC for confirmation of reduction of capital the Court of Session has pronounced the following interlocutor: "Edinburgh, 28th March 1985— The Lords, having considered the petition and proceedings together with the report by D. S. Williamson, W.S., Edinburgh No. 34 of process and heard Counsel for the Petitioners, allow the minute annexed to the petition to be amended as proposed in Paragraph 55 of the said report; direct that the provisions of sub-section (2) of section 67 of the Companies Act 1948 shall not apply as regards the creditors of the Company or any class of them; confirm the reduction of capital resolved on by the Special Resolution of the Company dated 15th January 1985, and set forth in the petition; approve the minute set forth in the petition as amended; direct registration of this order and the said minute as amended by the Registrar of Companies and on this order and the said minute as amended being registered by the said Registrar appoint intimation to be made once in the Edinburgh Gazette and once in each of the Financial Times and Scotsman newspapers.

Emslie
I.P.D."

The said order and minute have now been registered with the Registrar of Companies and intimation thereof is hereby given.

DUNDAS & WILSON, C.S.,
25 Charlotte Square,
Edinburgh.
Solicitors for Petitioners.

CLASSIFIED RATES

	Per line (min. 3 lines) £	Single column cm (min. 3 cms) £
Commercial & Industrial Property	10.50	35.50
Residential Property	8.00	27.00
Appointments	11.00	37.00
Business, Investment Opportunities	10.50	35.50
Business for Sale/Wanted	10.50	35.50
Personal	8.00	27.00
Motor Cars	8.00	27.00
Hotels & Travel	8.00	27.00
Contracts & Tenders	10.50	35.50
Book Publishers	—	net 17.50

Premium positions available
£7.00 per single column cm extra
For further details write to:
Classified Advertisement Manager
Financial Times
10, Cannon Street, EC4P 4BY

GRANADA · HTV · LWT · SCOTTISH · THAMES · TSW · TVS · TYNE TEES · ULSTER · YORKSHIRE · ANGLIA · BORDER · CENTRAL · CHANNEL · GRAMPIAN

Chances are, this ad won't win this award.

A lot of successful companies use press in their advertising.

But it's a fact that most IPA Award winners put the majority of their budget into TV.

And they don't give out these awards for pretty pictures. To win an Advertising Effectiveness Award, you have to prove that your advertising *works*. By increasing sales, awareness, or distribution.

Last year, 19 of the 21 winners chose TV as their major medium.

Like the winners of the Grand Prix, Dulux…

Playing on their Emulsions.

Unlike other shaggy dog stories, the Dulux story has a simple message and a logical ending.

In 1981, their share of the white emulsions market had dropped to 18%.

But, by splashing out on TV, they managed to paint a totally different picture.

By 1983, brand share had soared to 36%.

They did this by concentrating their spend very largely on TV.

Others have done the same thing. And, what's more, you can Do It Yourself.

Brand-building with Wall's.

Take Wall's Viennetta, as another example. With the help of TV, they cut themselves a substantial slice of the action.

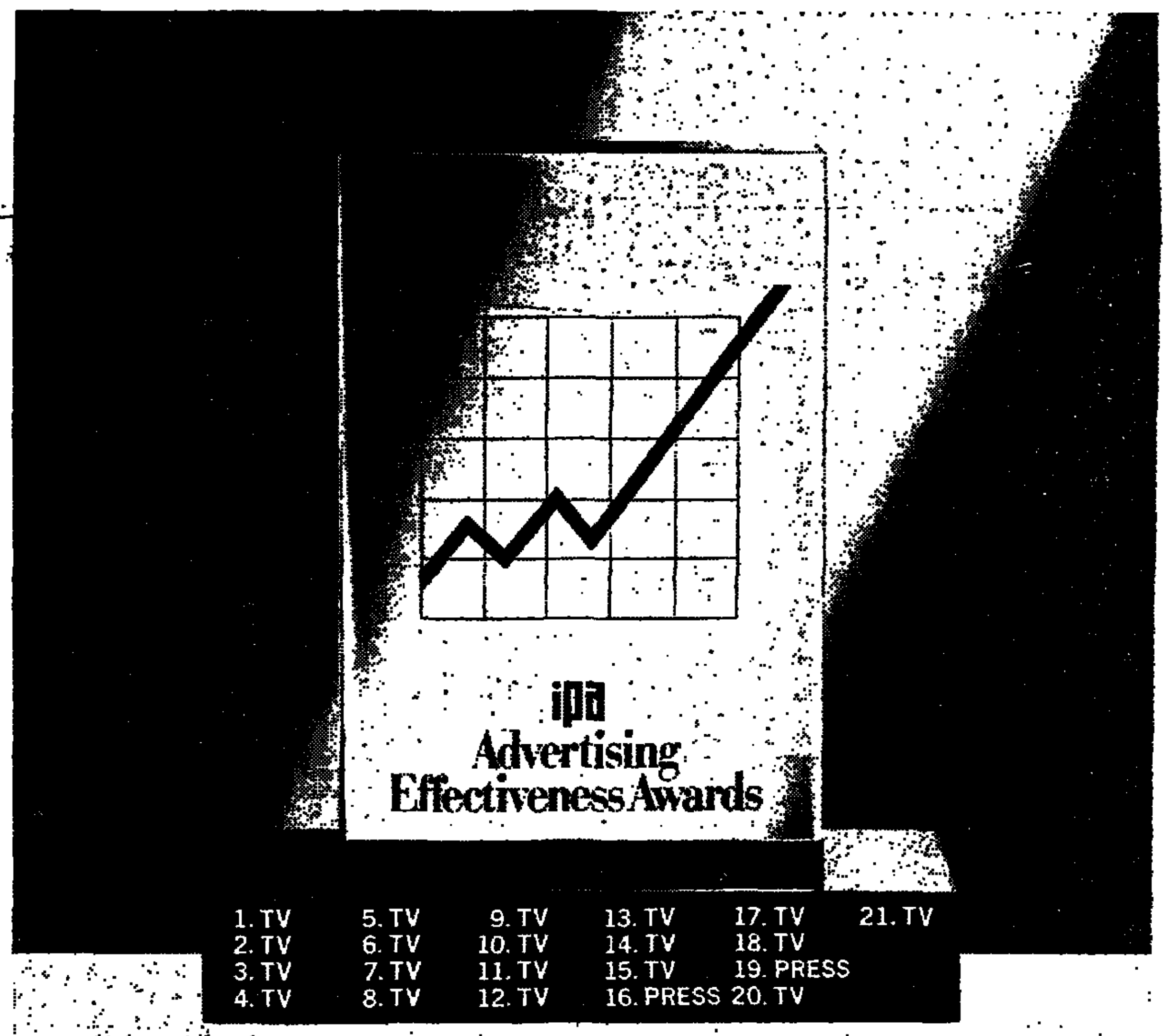
Sales rose by a factor of 10 in the test area, and the advertising was paid back (in terms of direct trading profit) in just over four weeks.

Furthermore, the campaign had a "halo" effect, in that it built up total ice cream sales for Wall's in that area.

A case, if ever there was one, of having your cake and eating it.

Hofmeister lager, another winner, had similar cause for celebration.

In the area covered by TV advertising, sales rose at over twice the market rate.



1984 winners and their choice of major medium.

Proving that TV works for pints as well as it does for paints.

H.M.G. on ITV.

Another TV campaign, aimed at decreasing the number of chip-pan fires, saw a decline of up to 25% in the year following the TV burst. So the Government, another of our blue-chip clients, was proved right in its choice of media.

Its TV campaign for London Docklands also worked; spontaneous awareness among businessmen rose from 30% to 75% in the space of a few months.

Of course, a lot of these clients also used press ads.

But, like us, they put the majority of their budget into TV.

So, then again, maybe this particular ad *could* be part of an award-winning campaign. CASE STUDIES FROM 'ADVERTISING WORKS 3' PUBLISHED BY HOLT RINEHART WINSTON.

ITV AND CHANNEL 4 THE BEST VALUE TV IN THE WORLD

UK COMPANY NEWS

Lasmo up £23m and £67m rights

BY MAURICE SAMUELSON

London and Scottish Marine Oil (Lasmo), the British oil company, plans to raise £67.3m through a rights issue to finance its rapidly expanding development programmes in the UK and other parts of the world, including possible new acquisitions.

The group, with interests in Indonesia, Australia, Africa and North Aemrica as well as the UK, also reported yesterday that 1984 was its best year for ten years, with pre-tax profits of £113m, £23m more than in 1983.

"The only things that went down last year were the wells," Mr Geoffrey Searle, chairman, told a press conference in London.

Lasmo proposes to raise its additional finance through a one-for-four rights issue at 285 pence per ordinary share. It would be its second rights issue since it was incorporated as a company 14 years ago.

Shareholders are also to be offered an increased 1984 dividend of 7.7 pence per share, compared with 7 pence for 1983.

Following the announcements, the group's shares closed at 330p, 18p down on the day.

The rights issue is needed, Lasmo says, to assist in financing exploration and appraisal work around the world and to take advantage of "suitable acquisition opportunities."

In 1984, Lasmo says it made 13 significant oil and gas discoveries in Australia, Gabon, Indonesia, Canada, the U.S. and UK. In the first two months of 1985 this continued with 23 oil and gas well completions, giving a 70 per cent success rate.

Lasmo says its cash flow from operations lst year had risen by £50m to £117m after tax, thanks largely to the beginning of production last June from an oilfield in Indonesia and increased output from the Beatrice field in the UK North Sea.

The higher income had resulted from the lower tax burden on these fields compared with the tax on its previous year's output. Overall production, at about 35,000 barrels a day, was little different from the previous year's volume. The strength of the U.S. dollar had also boosted income but by less than £10m.

The company had last year enjoyed its most successful year since 1974, when it had benefited from the discovery of the North Sea Ninian field.

Last year's "significant" discoveries included one in the UK, four in Indonesia, and two each in Australia, the U.S., Canada and Gabon. Lasmo is now drilling five wells a week and this year there have been finds in Indonesia and Italy.

Mr Chris Greentree, chief executive, forecast that Lasmo's production of oil and gas would rise steadily over the next five years to "at least 50,000 barrels a day."

With an exploration acreage of some 8m acres, the group claims to have the biggest exploration portfolio of any independent UK oil company.

This year's planned capital spending of £150m is double last year's level and will include £50m in the UK.

Asked about possible acquisitions, Mr Greentree said Lasmo had looked at 50 possible deals in the past 18 months. While denying that there had been any recent approaches to take over Lasmo, he added that the group's shares were very thinly held and that it had "defence strategies" in case of a takeover bid.

See Lex

Year of strikes puts AB Ports in the red

Associated British Ports, the old British Transport Docks Board privatised by the government in 1983, was severely affected in 1984 by the national coal and docks strikes, as well as labour problems at Southampton, and incurred a pre-tax loss of £6.4m over the year. The disappointing result represents a downturn of £20.9m from the comparable £14.5m profit.

The directors consider that the result is not representative of the "underlying strength of the company or the prospects for 1985," and they are to recommend an unchanged final dividend of 5.5p for an 8.5p total (same). The chairman, Mr Keith Stuart, looks forward to "considerable improved prospects" for the current year.

The coal dispute and the associated dock strike resulted in a loss of about £12m in revenue at the group's ports, and operating profit was down to £2.5m (£16.5m) before exceptional costs of £8.6m (£1.9m) mainly relating to severance payments.

Within the depressed operating figure was a loss of over £6m incurred by the Southampton docks, where "essential improvements in working methods met with protracted opposition" from employees. A satisfactory settlement was achieved early this year, enabling the container port to recommence operations on a "fully competitive and commercially viable basis," says the chairman.

He goes on to say that since the beginning of the current year there have been some important developments affecting the group's prospects. Coal shipments resumed in early March, and are building up steadily. At Southampton, container throughput is on a rising trend following the resumption of operations in late February. The performance of the Humber and some of the small ports has also been encouraging.

Turnover for 1984 fell from £154.3m to £138.2m. There was a tax credit of £5.7m (debit £4.9m), for attributable losses emerging at £0.9m (profit £18.2m). The loss per share is a stated 1.6p (earnings 23.9p).

● comment

Both the good news and the bad news about Associated British Ports seem to be thoroughly in the share price, at 245p. The strike-damage to the results for 1984 was always overdone when the shares were trading in the 160p region last December, and when ABP took the opportunity of the coal and dock strikes to sort out its manning levels at Southampton, a strong recovery was already in the pipeline. It seems likely that ABP can make £15m before tax this year, even after a spoiled first quarter, but the prospect of a dividend increase is something for 1986. That could stop the shares rising very much higher for a while. But given a strike-clean year — an important condition — ABP could easily make twice as much in 1986 as in 1985.

Improving UK operations lift Glynwed to £26.5m

SHARPLY HIGHER contributions from its steel activity together with improvements by all other UK operations enabled Glynwed International to lift its 1984 pre-tax profits from £21.2m to £26.5m.

Turnover of the group, which is engaged in engineering and building products and steel stockholding and distribution, advanced by £26.9m to £514.1m.

Compared with a forecast of not less than 5.4p made at mid-year the final dividend is being raised to 6p for a net total of 9.25p, against a previous 7.85p.

The main features of the year were the continuing improvement in the profits of the UK companies, supported by three strategic acquisitions, and the disposals of the group's structural steel stockholding and fabrication businesses in the U.S. and the greater part of its interests in South Africa.

In the group's UK and European operations consumer and building products increased its operating profits by £1m to £7m, engineering showed an improvement of £0.8m at £1.7m and steels surged from £7.1m to £10.7m.

Profits from South Africa amounted to £1m (£5.4m) and the contribution from the U.S. and Australia totalled £1.9m (£0.4 loss). Discontinued businesses accounted for £1.5m of group operating profits.

At year-end net borrowings were down by £22.8m to £40.1m and the debt/equity ratio showed a fall from 50.7 per cent to 34.2 per cent.

The improvement in the debt/equity ratio arose from a combination of receipts from the divestment of overseas businesses, from the elimination of heavy overdrafts in South Africa and from the continuing tight cash controls exercised throughout the group. The directors estimate that this will reduce group interest charges by more than £4m a year.

Interest charges for 1984 were £0.4m higher at £8.8m, tax took £8.2m (£6.1m), minorities added £0.6m (took £0.8m) and extraordinary items accounted for £3.9m (£4.6m).

● comment

Glynwed takes pride in making money in unglamorous areas, and 1984 was no exception. Pre-tax profits rose 25 per cent despite the miners' strike, losses from the South African recession and a three-week stoppage in the copper tube division. The company now feels its position is sound enough to raise the dividend back to its pre-recession levels, leaving the shares—down 1p yesterday to 204p — on a generous historic yield of 6¼ per cent. Now that it has sold its loss-making interests in South Africa and the U.S. and gearing is down to 34 per cent—knocking £4m off the interest charge—Glynwed can increase its profits to around £31m by standing still. Add in some earnings growth from steel and plastics and the 1985 total could reach £35m. Most of the benefits from cost-cutting have already come through, so the obvious way to grow is by acquisition, probably in plastics. But having worked so hard to reduce its gearing, Glynwed will be reluctant to cough up cash. And with the shares on a modest prospective multiple of less than 8, the company may want to wait for an improved rating before using its paper instead.

Heavy £111m underwriting loss hits GRE

Guardian Royal Exchange yesterday reported a 25 per cent drop in pre-tax profits in 1984 from £122.1m to £92.2m after a 75 per cent increase in underwriting losses from £63.5m to 111.2m.

The after tax profit fell by nearly 20 per cent to £57.3m, and earnings per share declined by 8.1p to 34.5p.

Nevertheless the dividend for 1984 is lifted by 13 per cent to 26p with a final payment of 17.5p.

Premium income during the year rose 19 per cent in sterling terms from £1.04bn to £1.24bn, with an underlying growth of 10 per cent after allowing for currency fluctuations.

Investment income rose by 11 per cent from £167.5m, net of interest paid, to £186.7m, with an underlying growth of 5 per cent.

The solvency margin at the end of 1984 was nearly 80 per cent.

Premium income in the UK increased 5.6 per cent to £411m, but underwriting losses more than doubled from £26.7m to £60m.

GRE's large UK motor account was hit by rising claim numbers in the final quarter — an increase that has persisted during the first two months of this year. It was also hit by the severe weather at the beginning of 1984 costing £10.5m.

However, the UK account was hit by a number of special factors, with the most damaging being a number of potential professional negligence claims arising in the U.S.

GRE had a 6 per cent risk in professional negligence cover provided to chartered accountants of international firms, the bulk of the cover being insured at Lloyd's.

The possible potential claims that could arise over Delorena and from actions in the U.S. has resulted in GRE strengthening its reserves by £8.5m. It has also strengthened reserves on certain policies to cover possible asbestosis claims and another £2.5m against products defect claims against the aircraft manufacturer, Cessna.

Results in West Germany would have showed a marked improvement, except that the company put DM 10m (£3.25m) to equalisation reserves, while the massive hailstorm in Bavaria in July cost £2m in claims. As a result, underwriting losses rose slightly from £6.7m to £7m.

Underwriting losses in the U.S. rose from £10.7m to £19.1m after an internal reinsurance loss of £6.7m, with a statutory operating ratio of 11.3. The group was affected by competitive market conditions and tornados in the Mid-west—its area of operation.

GRE still believe that much business in the U.S. is under-priced and is taking significant steps to restore profitability. However it still intends to develop its U.S. busines in areas wher it considers conditions for profitability are above average.

Conditions deteriorated in Canada with underwriting losses more than doubling from £5.2m to £11.5m on premium income up by nearly one-third. A substantial increase in the loss provision was made in the final quarter to meet the consequences of the legislation changes. The account was also hit by severe weather.

● comment

Failing by some distance to beat the City forecasts, Guardian Royal Exchange was not the market's favourite insurance share yesterday, dropping 28p to 665p. Unexpectedly mediocre underwriting results were the problem, rather than any unpalatable changes in accounting policy, or even GRE's apparently less than sparkling investment performance. Dented by hailstones in Bavaria, and caught out by 15-year-old asbestosis claims —on its Lloyd's marine excess policies of all things—GRE seems to have been hardest hit by the need to provide £8m for the professional negligence business from which it is actually trying to withdraw. For 1985 it may be hard for GRE to progress very far, before or after tax; even the profitable Australian business has had a poor start to the year. At least GRE can boast that it kept its dividend moving ahead—though by less than last year—and kept it covered by conventionally calculated earnings.

Sun Alliance plunges to £48m

THE Sun Alliance Group yesterday reported a group pre-tax profit of £47.6m for 1984 after underwriting losses during the year of £198.7m.

The dividend is lifted nearly 11 per cent from 14p to 15.5p.

The figures include the full year results of Phoenix Assurance, which became a subsidiary in August 1984.

In 1983 Sun Alliance and Phoenix had a combined pre-tax profit of £97.1m and combined underwriting losses of £126.3m. Thus pre-tax profits in 1984 were halved and underwriting losses were up by nearly 60 per cent.

Group net profits for 1984 amounted to £37m compared with a combined profit of £62.9m in the previous year. However, 1984's figure included an exceptional post-acquisition profit of £15.1m arising from the ending of Phoenix's liabilities on its withdrawal from the Continental Corporation's U.S. pool.

Earnings per share, as published by the group, dropped around 11 per cent in 1984 from 23.3p to 20.8p.

General insurance premium income rose some 15.5 per cent for the combined group from £1.39bn to £1.61bn, the underlying growth rate allowing for exchange rate fluctuations being 7.4 per cent. Investment income was reduced by the financing costs of the Phoenix acquisition, but the underlying growth in investment income was just over 10 per cent. The solvency margin at the end of 1984 was 79 per cent.

The group's UK operations—its main operation territory—were hit hard by the adverse conditions in that market. Underwriting losses for the combined group nearly tripled from £30.5m to £83.2m on premium income up by nearly 11 per cent from £602m to £669m.

The commercial fire account was hit by the surge in fire claims experienced by the whole industry and severe weather, coupled with inadequate rates and underwriting losses of some £40m were recorded.

On personal insurance business in the UK, the motor account was hit very hard. The Phoenix acquisition now makes Sun Alliance one of the leading motor insurers in the UK. Losses of some £19m were recorded in 1984.

The household account seems to have been hit less hard despite the group paying out nearly £20m in exceptional weather losses at the beginning of the year and around £12m in subsidence claims.

Underwriting losses in the U.S., including the special £15.1m payment, worsened from £30.4m to £35m on premium income up 7 per cent. In Canada, losses soared from £200,000 to £16.2m, reflecting the increasingly adverse underwriting conditions and changes in legislation affecting bodily injury.

Elsewhere, results from Australia were still poor even though losses were cut by one-third from £9.4m to £6.7m. Conditions generally improved in Europe.

● comment

Sun Alliance results for 1984 include for the first time the contribution from last year's acquisition of Phoenix and that in itself makes comparisons difficult. But Sun has brought into its 1984 profit figures the £15.1m windfall profit from the ending of Phoenix's U.S. operations. Strip out this and Sun will be showing profits in line with the worst fears of the market — pre-tax profits down two-thirds to £32.5m and net profits more than halved to around £27m compared with the 1983 aggregate figures from Sun and Phoenix. Rate increases in both commercial and personal lines made last year, and continuing into this year, should bring results towards the end of 1985 and the scaling down reinsurance business will be less of a drain in future years. However, an improvement in the results for this year and next will depend on how successful the group is in integrating the Phoenix operations and cutting down on the present very large staff numbers. The market reaction was to cut the share price by 20p to 460p yielding 4.9 per cent.

Housebuilding boost for Higgs & Hill

AGAINST THE background of a "highly successful year" in housebuilding, pre-tax profits at Higgs & Hill rose by nearly 19 per cent in 1984.

Mr Brian Hill, the chairman of this builder and property developer, considers that the major contribution from housebuilding has fully justified the group's increased investment in this activity, which has been further strengthened as a result of the rights issue in February last year.

Profits rose from £6.06m to £7.19m—"a very satisfactory" result according to the chairman, in the light of present economic conditions, and he expects a similar outcome for the current year. The 1984 improvement came out of turnover 12 per cent ahead at £189.66m (£169.71m).

The final dividend is lifted by 0.8p to 7.8p net per share on the increased capital, for a total of 12.3p against 11p. Earnings per share are stated at 42.6p against a restated 44.3p.

Mr Hill comments that in UK construction, difficult market conditions still prevail. Despite this the steady growth of the business has continued to provide an improved level of turnover for 1984 and a good base for 1985.

Overseas, where the group operates in the Caribbean and Egypt, a record turnover was achieved. In particular, good progress was maintained on the two major projects in Trinidad and Barbados.

In UK property, a number of new commercial and "high-tech" industrial schemes have been commenced and the company continues to improve the quality of its investment portfolio. The French property subsidiary produced record profits from its commercial and industrial developments in the Paris area.

The balance sheet has strengthened in the year. Shareholders funds have increased substantially as a result of the rights issue and retained profits.

The tax bill rose from £2.03m to £2.52m.

● comment

Higgs and Hill's record pre-tax profits have, almost certainly, been due to the growth of earnings from the group's newly developing UK home building programme. With an estimated 300 units sold for an average of £75,000 (the group concentrates on quality building) the contribution from this activity alone could well be over £2m. The overseas contracting activities, where the emphasis is increasingly on the Caribbean, had a record sales year although there is some market concern over what replaces the several major projects now coming to an end. Shareholders' funds have been strengthened by last February's £5.9m one-for-four rights issue and the retention of £3.3m from 1984's profits, while the company must now have a strongly positive cash balance. For 1985 analysts are expecting pre-tax profits of £8m. This would produce a prospective multiple of almost 7 on a 35 per cent tax charge at 310p. The group is probably one of the more attractive companies in a dull sector.

Amec £1m ahead despite downturn in second half

PROFITS OF Amec, the worldwide construction group, fell £300,000 in the second six months of 1984 but the group still finished the year with pre-tax figures £1m higher at £27.1m.

Mr J. W. Morgan, the chairman, tells shareholders that the group suffered setbacks in the U.S. but he goes on to say that with liquidity and the order book both showing rises the outlook is "encouraging."

A lower tax charge of £7.6m (£8.1m) left net profits £1.5m higher at £19.5m and with earnings per share 1.7p ahead at 29.6p the final dividend is being lifted to 7p (6.5p) for a net total of 11p, against 10p.

Turnover for the 12 months fell from £715.3m to £686.7m—the group's interests take in building, civil and mechanical engineering, mining, mechanical and electrical services and project and construction management.

The tax charge included an overseas credit of £1.3m, against a previous debit of £1.4m.

The group transferred £12.5m (£7.8m) to reserves after taking account of extraordinary items and dividend payments.

● comment

Strategically it may have been right for Fairclough to merge with Press but the resulting group, AMEC, dominated by Fairclough management, has had to contend with a fair number of problems. The latest to emerge is a £3.9m loss in one of the U.S. subsidiaries of the old Press group which left yesterday's profits well down on market expectations. Fisk, an electrical contracting group, was operating a non-unionised subsidiary, Major Construction, which notched up dreadful losses before the UK management realised what was happening. Not surprisingly there have been some management changes in the U.S. Back in the UK another former Press company was causing problems with a £¾m loss from Denco which is involved in air conditioning. But, though investors may have heard it before, it does look as if the group is over the traumas following the merger and, if the contracting/construction sector is due for a revival of investment interest, AMEC could be one of the ones to benefit most. After the 12p fall to 236p yesterday the prospective p/e is only 7, assuming profits of £33m for 1985.

Newarthill results steady at £16.4m

From pre-tax profits of £16.36m against £16.91m Newarthill is paying a higher dividend of 11p compared with 10p for the year to the end of October 1984. Earnings per share are shown as rising from 61.7p to 65.4p.

In accordance with articles of association the directors say that the sum required to cover the nominal value of capital shares which will be issued to capital shareholders, and calculated by reference to the rate of the ordinary dividend, will be capitalised out of reserves.

Comparative figures have been adjusted. Turnover slipped from £248.99m to £240.55m. Profits struck after related companies income of £1.59m (£1.75m), property income of £2.03m (£1.79m) and investments of £7.53m (£5.87m).

Albert Martin surges to £1.12m

Albert Martin Holdings, the Nottingham-based clothing company which includes Marks & Spencer among its customers, raised 1984 pre-tax profits from £715,000 to £1.12m.

Furthermore, the directors say the level of orders on hand for 1985 is "encouraging" and add that Martin is well placed to achieve further progress.

They point out that production is being maximised from all company factories both in this country and abroad, by recruitment and continued investment in additional machinery.

During 1985 the balance of profit contribution is expected to alter because of the significant movements in exchange rates in recent months. While having an adverse impact on overseas profitability these have benefited Martin's business in the UK by creating demand on capacity and good export opportunities.

Group turnover for 1984 improved from £30.14m to £34.58m and operating profits from £1.35m to £1.75m.

The UK accounted for £932,000 (£446,000) of the profits and for £29.13m (£25.93m) of turnover. The Far East contributed profits of £821,000 (£903,000), the second half figures here being affected by the strength of the U.S. dollar to which the Hong Kong currency is linked.

Earnings per share rose to 9p (4.4p) and a final dividend of 2p (1.5p) raises the net total from 2.25p to 3p.

Extraordinary debits rose to £110,000 (£21,000), of which £62,000 were bid defence costs. The balance was rationalisation expenditure.

Bruntons

While the miners' strike has ended, and demand for the product range of steel wire manufacturers Bruntons (Musselburgh) remains good, the directors say that pressure on margins continues On turnover of £10.48m against £10.28m, pre-tax profits dropped from £1.1m to £517,000. The second interim dividend has been cut to 1.5p which reduces the total from 10.5p to 3p.

Lon. & Manchester up 24%

THE London and Manchester Group has reported a growth of 24 per cent in attributable profits in 1984 from £4.68m to £5.79m, thanks to a strong profit surge from Ordinary branch life business. The earnings per share climbed from 20.42p to 25.25p.

The group is lifting the dividend paymentsf or the year by 20 per cent from 16.45p to 19.81p with a final payment of 14p.

The net profit contribution from Industrial branch business rose by nearly 17 per cent from £1.69m to £1.98m, more or less as expected. However, the Ordinary branch contribution rose by over 40 per cent from £2.52m to £3.56m.

This latter figure includes not only the profits from the mainstream life business, but from the highly profitable Investment Trust Retirement Annuities (ITRA) and other new ventures undertaken by the group. However, the group is not prepared to give a profit breakdown ahead of the published report and accounts.

Nevertheless, the mainstream ordinary life business improved by around the same level as the Industrial branch. This would indicate the profit contribution from the ITRA rising from 1983s £950,000 to at least £1.25m.

These results were very much in line with market expectations and the sharep rice rose 2p to 727p—a good rise compared with other life company sharep rices which fell subsantially on the day—yielding 4 per cent gross.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
AB Electronics ...int	2†	June 3	1.5	—	6
AB Ports	5.5	May 28	5.5	8.5	8.5
Amec	7	July 1	6.5	11	10
Beauford Group	3	May 16	2.6	4.5	4
A. Beckman	1.95	June 3	1.95	—	5.75
Blockleys	13†	June 12	12.75	21	15.5
Bodycote	2.5	July 1	2	4.5	3.5
Bray Technologies	1.75§	—	1.5	2.75	2.5
Bruntons (Musselburgh)	1.5	—	6.25	3	10.5
Cookson	8.25†	July 3	6.5	12.5†	10.2
Glynwed Intl.	6	July 4	5.4	9.25	7.85
Guardian Royal	17.5	July 3	15.25	26	23
Higgs & Hill	7.8†	June 14	7	12.3†	11
I & J Hyman	1	June 17	0.5	1.5	0.5
Ldn. & Manchester	14	—	11.48	19.81	16.45
LASMO	7.7	May 22	7	12.2	11.5
Albert Martin	2	—	1.5	3	2.25
Wm. Morrison	1.65	—	1.3	2.2	1.8
Newarthill	11	—	10	11	10
Portals	12	July 1	11	18.5	17.25
Porter Chadburn	Nil	—	0.35	11‖	0.35
Senior Engn.	0.75	June 3	0.75	1.5	1.5
Sun Alliance	9.75	—	8.5¶	15.5	14¶
Sunbeam Wolsey	3	May 30	3	4	4.03**
Thurgar Bardex	0.2	May 23	Nil	0.2	Nil
Weir Group	2.13	May 24	1.75	2.5	2.13

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. ¶ Adjusted for share sub-division. ‖ Period runs for 15 months to end March. ** Included a 0.033p supplementary payment.

UK COMPANY NEWS

Cookson's strategy pays off with £34m profit surge

STRATEGIC MOVES to improve the competitive position of many of Coobson Group's companies through acquisition, cost reduction and capital expenditure programmes were major factors in a profit surge in 1984. The taxable result for the year was £55.8m, a £34.1m improvement on the previous year.

In the UK, the group, a manufacturer and processor materials for industrial use, also benefitted from greater demand in both home and export markets.

Most of the European businesses made further progress, particularly in ceramic supplies and the newly acquired electronic solder operations. Results of overseas subsidiaries have been dominated by the major improvement in the dollar profitability of the U.S. businesses. Although these were assisted on translation into sterling and by profits from newly acquired companies, a major factor was the greatly improved performance of the established U.S. businesses.

Sales were ahead by nearly 50 per cent at £815.2m, of which £280.2m (£216.8m) came from related companies. At the operating level, these contributed £34m (£19.5m) of the total profit of £75.7m (£39.6m).

Among the related companies, the 50 per cent owned Tioxide had an "outstanding year," in the words of chairman Mr Ian Butler, with pre-tax profits more than doubled at £43.42m against £21.97m on turnover 23 per cent ahead at £331.93m. There was also a marked improvement at Dulux Australia and Electrovert.

As regards the current year, Mr Butler says that the group has made a good start in the opening months, and although rates are likely to have some distorting impact, prospects for the year are favourable.

The total dividend is increased by 2.3p to 12.5 per share with a final of 8.25p, up from 6.5p. This is payable on capital increased by new shares issued in respect of the purchase of Alpha Metals Inc in January last year and the July rights issue.

The directors now propose to capitalise £30.1m of the share premium account by way of a one-for-one scrip issue.

Tax amounted to £13m (£9.9m) and minority interests £0.9m (£0.3m); profit after tax and minorities was £41.9m (£11.5m). The lower rate of tax has resulted from the availability of past tax losses and allowances in the UK, U.S. and at Tioxide. Earnings after tax per ordinary share are stated at 76.6p (26.5p).

The cost of extraordinary items, mainly related to closure costs offset by a net surplus on disposals of investments in subsidiary and related companies, was £3.3m (£1.6m). Additional depreciation on the current values of fixed assets of subsidiaries has again ben shown as an appropriation of profit and amounted to £5.0m (£4.9m). The surplus after extraordinary items and additional depreciation was £33.6m (£5.0m), of which the company will retain £26m (£0.3m).

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purposes of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisoins shown below are based mainly on last year's timetable.

TODAY

Interims: Ash and Lacy, Druck, Fitzwilton.

Finals: Centreway Industries, Conder, Elys (Wimbledon), Exeter Building and Construction, Gaskell Broadloom, Robert H. Lowe, Shama Ware, G. W. Sparrow, Solex, Stockley, Trans-Oceanic Trust, Wereldhave N.V. Beleggings.

FUTURE DATES

Interims—	
McKechnie Brothers	Apr 8
Wade Potteries	Apr 17
Finals—	
Barr and Wallace Arnold Trust	May 8
BETEC	Apr 18
Boustead	†Apr 23
Cater Allen	May 23
Fogarty	Apr 17
Hambro Life Assurance	Apr 18
Hawker Siddeley	Apr 12
Jersey General Invest. Trust	May 22
Laporte Industries	Apr 18
Octopus Publishing	Apr 16
Owen Owen	Apr 17
Pentland Industries	Apr 15
RMC	Apr 17
Rio Tinto-Zinc	Apr 17
Ruberoid	Apr 11
Scottish Mortgage and Trust	Apr 18
Tysons (Contractors)	May 13
Yule Catto	Apr 25

† Amended.

Recovery at Porter Chadburn continues

Porter Chadburn, manufacturer of brewery and marine engineering equipment, moved back into profit over the second six months and saw its pre-tax losses fall from £157,000 to £105,000 for the 51 weeks to December 28 1984.

The company is changing its year-end an.- the current trading period is for the 15 months to March 31. No dividend is being paid for the 51 weeks—0.35p net was paid for the previous year.

The second half of 1984 showed a continuation of the improvement achieved in the second quarter and pre-tax profits for the 25 weeks to December 28 totalled £112,000.

Turnover for the 51 weeks was virtually static at £12.87m. Interest charges were cut from £235,000 to £105,000 but exceptional expenses rose to £68,000 (£30,000). Loss per share emerged at 2.54p (5.18p).

The company is continuing with its programme of planned disposals. In January the stock and goodwill of the Shepberd spares division of Chadbury Engineering was sold for £152,700 and last month an agreement was signed for the sale of the assets of a A. H. Senar ,including property, plant and machinery, stocks and work in progress and goodwill for £164,250. These disposals are expected in total to cover book value and generate funds of approximately £450,000

Senior offsets higher law suit and interest costs

A PARTIAL recovery in taxable profits from £2.16m to £2.87m was made by the Senior Engineering Group in 1984 and the board looks forward to an improving economic and trading environment as 1985 progresses.

Turnover rose from £89.34m to £100.73m. Senior is a trader in engineering products and halfway through the year reported lower pre-tax profits of £1.03m against £1.28m.

The dividend total is being held at 1.5p by an unchanged final payment of 0.75p. Earnings were steady at 2.19p (2.12p) per share.

The directors say the improvement in 1984 was achieved despite increased exceptional charges in respect of a law suit in the U.S. and higher interest charges of £2.53m against £1.9m incurred as a direct result of the strength of the U.S. dollar.

Operating profits rose by 43 per cent to £5.34m reflecting benefits of rationalisation implemented in three UK divisions during 1983/84 and also an improvement achieved in the U.S. trading situation.

All divisions were profitable although the miners' strike had a "severe impact" on Hayden Nilos Conflow within the light engineering division.

Rationalisation schemes have reduced Senior's cost base, enabling profits to be earned on lower activity levels. The directors say that 1985 will also benefit from the cessation of the heavy U.S. legal costs incurred in the previous two years.

The opening months of the current year have, both in the UK and overseas, continued at similar levels of trading experienced in 1984. The air handling and plastics division is "confident of another good year," but turning inquiries into orders for new capital plant in some divisions "continues to be a problem."

Within the thermal division, in particular, there is a shortage of orders for the second half of 1985 at Senior Green, resulting in 140 redundancies.

Despite this, prospects generally for the remainder of 1985 may well improve since Senior believes that the widespread economic uncertainty created by the miners' strike has been felt in many markets served by its companies as well as the impact on its light engineering division.

The directors say now that the miners' strike is over it remains to be seen how quickly confidence will be restored and demand stimulated to more normal levels.

The taxable result was struck after interest, exceptional charges of £616,000 (£343,000), relating to the legal costs and redundancies, and included investment income of £679,000 (£694,000).

Tax charge came to £707,000 (£217,000), leaving net profits of £2.16m (£1.94m). There were no extraordinary charges (£772,000). After dividends the retained balance was a positive £886,000 against a loss of £310,000.

● comment

Senior Engineering, which expanded so successfully in the 1970s, is still struggling to cope with depressed demand in the 1980s. The cuts in Thermal Division, which accounts for about 40 per cent of turnover, are only the latest of a series of capacity reductions, which began two years ago. Nevertheless, Senior is further down the road to recovery than it seems—pre-tax profits would have been a good £1m higher had it not been for the £616,000 cost of the U.S. legal dispute, and an increase in interest charges caused by the falling pound which put up the cost of servicing dollar debts. Moreover, as the NCB slowly recovers from the coal strike, so orders should pick up enough to bring Hayden Nilos Conflow back into profit; eventually it should also increase demand for the Thermal Division's coal-fired boilers, but that could be two years away, hence the redundancies. Meanwhile, the air conditioning business in the air handling and plastics division is generating a rare element of real growth drawn from a very buoyant market. At the end of the day, it is clear that Senior is coping with its manifest difficulties: for long-suffering shareholders the main consolation is the yield—9.3 per cent on the shares at 23p.

Profits nearly doubled at I & J Hyman

I. & J. Hyman, polyurethane foam converter and manufacturer, nearly doubled its taxable profits in 1984 from £891,000 to £1.62m on virtually unchanged turnover of £27.43m.

The dividend total is being trebled to 1.5p with a final payment of 1p. Earnings rose from 3.37p to 4.24p prior to extraordinary debits

Trading for first two months of the current year were satisfactory

Hyman also announces proposed exchanges of the minority interests in Foam Marketing (N. West) and part of the minority interest in Steak Express for stock units in Hyman and to change the name of the company to Hyman.

FM is engaged in the conversion of polyurethane foam. Net tangible assets at December 31, including those attributable to the minorities, amounted to £197,322 (£65,313).

The activity of SE is the manufacture of pre-packed frozen food. Turnover and pre-tax profit for 1984 were £1.6m (£900,000) and £351,000 (£123,000) respectively.

Aggregate consideration payable for the minority interests is £235,000, comprising £60,000 for 15 per cent of FM and £175,000 for 12½ per cent of SE, which will be satisfied by the issue of Hyman stock units at 25p or the mid-market quotation on the day of issue

Industrial Scottish beats USM forecast by £0.7m

BETTER THAN forecast taxable profits of £3.73m were attained by Industrial Scottish Energy over the 15 months to December 31 1984.

The result compares with a loss of £131,000 for the previous 12 month period and a forecast of at least £3m when the company was introduced to the USM last August.

ISE is engaged in oil and gas production. Results were aided by sterling's decline against the dollar which more than compensated for the oil price fall during the period.

However, changes in the recent Budget have brought about a further £779,000 provision for Petroleum Revenue Tax. Actual PRT liability for the period was £659,000.

Earnings per share were shown as 22.75p. There is no dividend.

The directors say oil production increased from 120 barrels per day in 1983 to 1,162 in 1984. Production from Forties field "exceeded expectations."

Royalties in Paper Field became receivable at the end of 1984, almost two years earlier than anticipated, at the time of purchase in 1983. Expansion of ISE's Paris Basin acreage continues and the company expects to have interests in at least six permits at the end of 1985.

Turnover for the 15 months amounted to £9.78m (£326,000 for 12 months) and generated operating profits of £3.58m (losses £43,000).

COMPANY NEWS IN BRIEF

Profit before tax was virtually unchanged at A. Beckman, converter and merchant of textiles, and property developer, in the six months to end 1984. The result was £754,000, against £735,000 on slightly lower turnover of £6.9m against £7.24m.

The dividend is the same at 1.95p per share, with earnings per share stated at 4.2p (4p).

* * *

Sunbeam Wolsey, which is engaged in textile yarns and knitted products, raised operating profits in 1984 from I£104m to I£1.21m. Turnover came to I£28.09m against I£22.68m.

Earnings per share rose from 8.7p to 11.8p. The final dividend is being held at 3p for a total of 4p.

* * *

Thurgar Bardex, maker of plastic products, has produced profits of £159,000, against losses of £25,000, for 1984.

Dividends have been restored with a 0.2p payment—the last was 0.6p in 1982. Earnings per 10p share for the year are shown as 0.89p (losses 0.19p).

Turnover rose from £8.96m to £10.23m. Profits were struck after interest of £210,000 (£205,000) and were subject to £42,000 of tax this time.

* * *

First National Finance's subsidiary, First National Securities (Holdings), has signed a medium term credit facility for £36m provided by a group of UK and International banks.

The facility will enable FNSH to repay £32m borrowed from the support group and establish a sinking fund of £3.49m as required by the trust deed for the loan stock. And it will compete the final repayment of all borrowings by the FNFC group from the support group of the Bank of England and the English and Scottish clearing banks.

* * *

Beauford Group attained higher taxable profits of £710,000, against £558,000, in 1984 on turnover ahead at £8.39m compared with £7.04m.

The total dividend is being raised from 4p to 4.5p by a final payment of 3p (2.6p). Earnings were stated at 11.9p (10.4p).

Beauford is a holding company with interests in the manufacture of heavy machine tools and plant and spares for the steel and other industries.

* * *

Parambe, an investment company which deals in the fine arts and antique markets, had a net asset value of 48.9p per 10p share on December 31, 1984, compared with 38.2p a year earlier.

A final 0.7p (0.6p) dividend is recommended, making a 1.1p (0.95p) total for the year. Earnings were shown as 1.51p (1.68p) per share. Net profits came to £66,574 (£76,513).

* * *

Arcolectric (Holdings) increased pre-tax profits for 1984 from £137,281 to £227,283, on turnover up from £4.97m to £5.92m.

An unchanged 0.4p final dividend brings the total to 0.65p (0.4p). Stated earnings per 5p share rose to 3.13p (1.38p).

Arcolectric, which is principally involved in the manufacture of electric switches and neon signal lamps, has close company status.

* * *

Barrie Investments and Finance, a financial services concern formerly named Abwood Machine Tools, is buying from the receiver Portsmouth Finance, a motorcycle credit company which was a subsidiary of North Wales Trust—itself a subsidiary of Associated Telecommunications. AT was headed by Mr Ron Shuck, former chairman of Espley Trust, and went into receivership in November 1984. Barrie paid £170,000 in cash.

* * *

Sovereign Oil & Gas announced an increase in pre-tax profits for 1984 from £3.37m to £18.17m, on turnover ahead at £54.59m against £8.83m.

During the year the company benefited from receiving most of its income in U.S. dollars, and exchange movements compensated for the fall in the oil price.

After tax of £7.58m (nil), profits taken to reserves amounted to £10.64m (£3.37m). Earnings were stated at 28.32p (9.33p) per share.

UK COMPANY NEWS

Michael Donne looks at Government's latest offering

All systems go for BAe lift-off

THE COMBINED sale of the Government's remaining 48.43 per cent holding in British Aerospace, together with BA's own offer of shares, will result in a total offering of over 146.85m new 50p. Ordinary shares, raising around £600m.

This makes it one of the biggest share offers yet made in the UK, after the recent British Telecom issue.

The precise date for the sale is not yet fixed, but will be in early May, with the fixed issue price being announced closer to that date.

The Government's sale will cover 96,852,746 shares, with BA's own offer amounting to 50m new shares, raising the company's existing issued share capital by 25 per cent.

The preliminary prospectus for the issue, issued yesterday, states that although BAe itself has no immediate need for funds, the board believes it sensible to increase its equity base at the same time as the Government disposes of its own shares.

Nor is BAe yet prepared to say what it will do with its own proceeds from the share sale, expected to generate some £215m.

Sir Austin Pearce, chairman, said in London yesterday that the money would be held until such time as the group found a need for it. There were no specific plans for spending it at present.

"But we are always looking for ways to expand the business, and if something comes up that we feel offers good opportunities for the future, we will have the cash with which to secure it," he declared.

Mr Bernard Friend, finance director, also stressed that the group had ample existing cash reserves and credit facilities with the banks.

The plan is for an extraordinary meeting of BAe to be held on April 29, to change the Articles to provide for one Special Share of £1 to be held by the Government to enable it to block any foreign takeover of BAe and prevent foreign directors from being appointed.

The Special Share, however, will not confer on the Government any financial benefits or control over the company's ordinary commercial dealings.

The combined share issue is being aimed at a less wide public than the British Telecom sale—a "more sophisticated" clientele is how it was described yesterday, with existing shareholders very much in mind.

A network of provincial stockbrokers has been established to cope with the issue. The minimum application will be for 100 shares, with a maximum of not more than 10 per cent of the total number of shares on offer. Payment will be in two instalments—one on application in May, and the second by September 10 1985.

Existing shareholders will be given preferential entitlement (on special pink forms) of one new Ordinary share for every four held at the close of business on April 30, but these preferential entitlements will be personal to those shareholders and will not be transferable under any circumstances.

Any shareholder wishing to acquire shares additional to those to which he or she is entitled to apply for on a preferential basis will have to make a separate application in the normal way.

Of the 96.85m ordinary shares to be offered by the Government, 5m will be available for preferential allocation to eligible employees of the company.

Sir Austin Pearce, chairman of BAe

Following the sale, there will be changes in the board. The Government will have the right to appoint only one non-executive director, instead of two. Its appointee is Mr K. M. Bevins, of Royal Insurance Company, currently on the board.

The other current Government director, Sir Kenneth Durham, will cease to act in that position, but will remain on the board at BAe's request as a non-executive director. He is chairman of Unilever AC.

Along with the preliminary prospectus, BAe yesterday issued its full report and accounts, confirming the recent announcement of pre-tax profits of £120m in 1984 (against £82m in 1983), on sales of close to £2.5bn (£2.3bn).

Sir Austin Pearce, in his annual statement, says that the opportunities for increased business "are there to be taken in all parts of our company; the opportunities are also there to be a more competitive and aggressive entity."

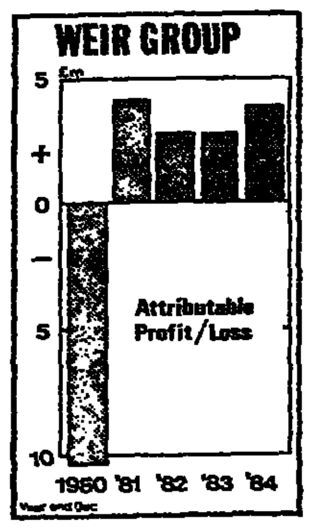
See Lex

Profits rise at Weir after strong second half

The Weir Group, engineering holding company, reported higher pre-tax profits of £6.85m for 1984, compared with £4.94m previously, following a better-than-predicted second half which accounted for £4.42m, against £2.79m.

An increased final dividend 2.125p (1.75p) is being recommended, bringing the total for the year to 2.5p (2.125p). Stated net earnings per 25p share are shown as 8.6p (4.4p) basic, and 5.6p (3.6p) fully diluted.

The directors are confident that during the current year the group will maintain and build on the progress made in 1984, and say that group policy is to shift the emphasis of business into areas with growth prospects.



For the year as a whole, they say that the 39 per cent pre-tax increase reflects better profits from the engineering division, as well as a sharp recovery in the contribution from associated companies, which added £3.59m (£1.51m).

Market conditions remained difficult, particularly for the foundry division, but order intake for desalination was encouraging, they say.

● comment

The rise in Weir's dividend to equal that on the £5.9m of 10 per cent convertible preference shares probably signals that the call to convert and redeem is not far off. The group now has a four-year profit record since its liquidity crisis and rescue financing in 1980, and is confident about the future. However, the shares at 57p, up 2p to yield 6.5 per cent, may be at a bit ahead of things. Pre-tax profits of £6.8m in 1984, while well up on 1983, were 11 per cent below the 1982 figure, and the improvement has come entirely from associates, especially the French engineering contractor, Delas-Weir. Orders have only begun to pick up in the main engineering division in the last few months, and the steel foundry side remains dreary. UK foundry capacity still exceeds demand by about a third, and Weir can do little but hang on and hope that Suter's recent entry — it has acquired Lake and Elliot and taken a 14.9 per cent stake in F. H. Lloyd — will lead to another overdue round of plant closures. The Yarrow stake confirms the group's desire to move away from metal bashing and toward more cerebral engineering but the main challenge still must be to get good returns out of its substantial metal bashing assets.

AB Electronic up 68% at £3.4m

PARTICULARLY good growth in printed circuit board assemblies, thick film microcircuits, connectors and aerospace electronics helped boost first half sales and pre-tax profits of the AB Electronic Products Group by 101 per cent and 68 per cent respectively.

The directors say the outlook for these and other product areas, such as automotive electronics and telecommunications, remains strong.

Group sales for the six months to December 31 1984 surged from £29.74m to £59.92m and taxable profits improved by £1.38m to £3.42m. Second half profits should exceed those of the first half.

The interim dividend is being stepped up from 1.5p to 2p net per 25p share on the capital enlarged by last year's one-for-three rights issue.

During the half year sales by group subsidiaries in Germany, Austria, France and Sweden rose by 45 per cent and exports from the UK showed an improvement of 48 per cent.

Capital investment on buildings and automated equipment increased to £9m, of which £1.3m was leased.

The directors say microcomputer business with Acorn and Sinclair is now much reduced and the launch of the Jaguar XJ40 car, for which the company will be manufacturing the switching system, has been postponed to 1986. However, they point out that, the current workload is not seriously affected overall.

As a result of the declared diversification policy into other growth areas of electronics, substantial orders have been received including the recently announced contract from IBM for planar boards for PC computers, the aircraft control equipment contract from Saab and the subscriber equipment contract from British Telecom.

In view of these positive developments and with a good overall order position, the directors are confident that profits for the second half will again exceed those of the first half, although not to the same extent as in recent years.

They believe that further substantial business expansion will take place in the financial year 1985-86 and that adequate banking facilities are on offer to carry out this planned controlled growth.

● comment

The growth of subcontracting business for IBM appears to be responsible for the percentage point fall in A B Electronic's margins which has prevented the doubling of turnover showing through at the operating profit level. Increased borrowings, the first half capital investment programme was a very high one, plus the cost of carrying a high inventory (partly due to the delay of the Jaguar XJ40) has substantially increased the gearing level and there is the possibility of fresh calls for cash being made to banks. The fall in work for Acorn, now less than 10 per cent turnover, will reassure those who thought the group's dependence on the volatile microcomputer market too high. But with the amount of subcontracted board assembly now being done for IBM, and the prospect of this increasing soon to over half of turnover, a question mark on profits is natural enough. IBM are well known as a hard task master for suppliers. In the second half capital spending should be down and the market is expecting £8½m pre-tax or a prospective multiple of almost 15 on yesterday's 455p.

Lloyds' £3.7bn of Latin loans

BY DAVID LASCELLES, BANKING CORRESPONDENT

Lloyds Bank's total exposure to large Latin American countries with debt problems amounts to £3.7bn, with nearly 38 per cent attributable to Brazil.

For the first time, the bank gives details of its overseas lending in its annual report released today. The figures in the table are prepared on the basis used by U.S. banks when reporting to the Securities and Exchange Commision (SEC). Unlike the other major UK clearing banks, Lloyds has never sold securities on the U.S. market, so it has not had to prepare exposure reports for the SEC.

LLOYDS' LOANS TO LATIN AMERICAN COUNTRIES

	Governments (£m)*	Banks (£m)*	Other (£m)*	Total (£m)*	%
Mexico	222	454	505	1,181	32.1
Argentina	397	11	148	556	15.1
Brazil	541	283	561	1,385	37.7
Venezuela	106	127	321	554	15.1
Total	1,266	875	1,535	3,676	100.0

* At end of 1984 and converted at £1=$1.15.

Lloyds has, proportionately, the largest Latin American loan book among the UK banks. The loans reported yesterday represent cross-border lending in non-local currency, and amount to about 8.5 per cent of Lloyds total assets. The figures for Brazil do not include an additional £472m in foreign currency loans to Lloyds' local business in that country.

Sir Jeremy Morse, the chairman, says in the report that Lloyds will continue to co-operate with other banks and official institutions to resolve the problem of country debt, and says the most important factor is the continued world economic recovery.

Last year Lloyds made a specific charge for bad and doubtful international debts of £101m, and a further 65m in general provisions most of which covered its overseas operations.

The sharp rise in the dollar last year inflated the sterling value of Lloyds' exposure in dollar loans by about 25 per cent.

Growth delay at Wit Nigel

By George Milling-Stanley

Problems with the commissioning of a new carbon-in-pulp plant in July last year meant that the new management team at the small South African gold producer Witwatersrand Nigel has not been able to achieve the "dash for growth" envisaged at the time of the assumption of control in December 1983, according to Mr Peter George, chairman.

The company made an operating loss of R1.54m (£650,000) in the 18 months to the end of 1984 before state assistance of R1.66m, leaving a net profit of R112,532. This compares with net profits of R1.62m in the 12 months to June 1983 under the previous management.

Mr George pointed out in the latest annual report that the amount of state aid quoted has been provisionally approved by the authorities, and he is hopeful that a further R1.07m claimed for the period will also be granted. This, together with a long-term loan of U.S.$3.5m which is currently being negotiated, could give the company a further R11m in the short term.

That will enable Wit Nigel to meet payments due to suppliers, and also embark on a limited amount of capital spending on the mine. Further spending will be linked to profitability, Mr George said. The planned increase in the monthly milling rate from 50,000 to 75,000 tonnes has been delayed by these difficulties, but the chairman said "our objective remains unaltered."

UK COMPANY NEWS

Portals static but still confident of improvement

PROFITS IMPROVED in all divisions at Portals Holdings in 1984, but only on the water treatment side was there any substantial increase. The overall result was a fairly static year, with taxable profits up 5.7 per cent to £17.55m.

At halfway the group, which also has interests in paper making, engineering and property, was looking for an upturn in orders. Mr Julian Sheffield, the chairman, says now that one or two large orders in papermaking in the second half enabled it to perform much better in the latter months. The divisional operating result was virtually the same at £6.28m (£6.27m).

In water treatment — the group's main earner with an operating profit of £10.68m against £9.16m—the year began with good order books. It was able to win a few good orders, says the chairman, but "there is still a great shortage of big projects throughout the world."

Engineering contributed £551,000 (£294,000) and property £1.32m (£1.27m) to the total operating profit of £18.83m (£16.99m).

On prospects he says that the papermaking and engineering divisions are busy, but the water treatment companies could do with more orders and the losses at the group's U.S. mill continue to cause concern. However, he is confident that 1985 will see an improvement in real terms with increased profits from all divisions.

The final dividend is 1p higher at 12p to lift the total from 17.25p to 18.5p net per share. Earnings are quoted at 48.35p (55.45p) basic and 45p (50.58p) fully diluted, after a tax charge £2.06m higher at £8.61m.

Turnover for the year moved ahead from £179.24m to £201.7m, with water treatment providing the bulk at £144.88m (£129.9m).

● comment

Aware of its lack of U.S. exposure, Portals decided to attack the market from the inside and in 1982 it moved to open its own mill producing specialist high security paper. The total cost amounted to around £20m but in profit terms the 1983 opening has proved a small disaster. Last year's losses are not disclosed but they are reported to be "considerable." It is not that there is anything intrinsically wrong with the plant but that a rising dollar has sucked the U.S. market away from Portals' own mill and into the hands of rival European manufacturers. To an extent the recent reversal of the dollar's fortunes will help the U.S. mill but it needs more than a modest setback for the "green back" to turn it into a profit. Portals is going to have to go out and convince the American paper buyers that they need its quality products. Anyway, assuming some recovery there, the optimistic statement suggests something close to £19m pre-tax this year dropping the prospective fully diluted p/e at 555p to just over 9 on a 35 per cent tax charge.

Continued growth gives Blockleys record year

Blockleys, Telford-based brick manufacturer and building products company, continued its recent growth pattern by announcing record results for the year to end-1984.

On turnover ahead by 56 per cent to £7.32m (£4.68m), the company achieved record pre-tax profits of £1.57m against £1.01m, a 55 per cent rise.

In line with the projection made at the time of the rights issue in October, the directors are recommending an increased final dividend of 13p (12.75p) per share, lifting the total on the enlarged share capital to 21p (15.5p) for the year. Net earnings per 20p share are shown as 69.9p against a restated 39.08p.

Mr T. J. Wright, the chairman, says that the year was one of continuing progress and development, with the pre-tax profit being "somewhat better" than the expectation last autumn.

At that time the directors believed that trading in the second half would not show the same seasonal upturn as in the previous two years.

Metal treatment side behind Bodycote's increase to £1.8m

Bodycote International's metal treatment operations were primarily behind a rise in group taxable profits in 1984 from £1.02m to £1.76m.

The metal treatment side, before group expenses and interest charges, up by £53,000 to £972,000, earned £1.42m, compared with £920,000.

Elsewhere, industrial protective clothing and safety products turned in £633,000 (£354,000), industrial and general textiles produced £595,000 (£608,000), and investment and financial services made £83,000 (£57,000).

Total group turnover amounted to £31.51m (£26.29m) and generated operating profits of £2.06m (£1.36m), of which £1.8m (£1.39m) was attributable to UK operations.

Following an increase in the interim dividend the final payment is being raised from 2p to 2.5p for a total of 4.5p, against 3.5p. Stated earnings rose from 8.64p to 14.21p per share.

Mr J. C. Dwek, chairman and managing director, says that the general economic improvement in 1984 helped to unlock the group's potential and led to organic expansion and market development.

He says that 1984 provided the opportunity to develop the metal treatment side into a fully-integrated organisation situated in good catchment areas. And plans have been laid for further investment in new technical fields.

Overseas subsidiaries turned a £28,000 loss into a profit of £261,000 following the restructuring programme carried out over the past three years.

Bodycote's cash flow, says Mr Dwek, benefited from the increased profitability leading to a reduction in the level of gearing at the year-end.

After tax of £633,000 (£334,000), dividends of £355,000 (£276,000), and extraordinary credit of £39,000 (charge £54,000), and minorities the retained balance for the year was up from £352,000 to £806,000.

On prospects, Mr Dwek says that policies and objectives are being realised

Wm Morrison up 17% and plans expansion of outlets

A YEAR of satisfactory progress at Wm Morrison Supermarkets has seen taxable profits rise by £1.74m or 17 per cent to £11.73m and the opening of two supermarkets, at Darnall and Grantham, both of which are trading up to expectations.

The current year will see the opening of new stores at Rotherham and Killingworth, and further sites at Blackburn and Dukinfield have been purchased. Stores are scheduled for opening at these locations next year.

Turnover increased by £65.81m to £336.24m, and produced operating profits 22 per cent up at £12.28m (£10.05m). Staff costs were significantly higher at £24.29m, against £19.74m.

The directors are to recommend a 0.35p increase in the final dividend to 1.65p per share, lifting the total from 1.8p to 2.2p. Earnings per share are given as 13.83p (12.74p). The directors also propose a one-for-one scrip issue.

After tax at £5.35m, against £4.11m—changes in the rate of corporation tax and first year allowances brought about the increase—net profits came out at £6.39m (£5.88m). The dividend will account for £1.02m (£831,000), enabling the group to retain £5.37m against £5.05m.

COMPANY NEWS IN BRIEF

Yearling bonds totalling £8m at 12$\frac{1}{16}$ per cent, redeemable on April 9 1986, have been issued by the following local authorities. Braintree District Council £0.5m; East Hampshire DC £0.5m; Middlesbrough (Borough of) £0.5m; Sedgemoor DC £0.5m; Tweedale DC £0.25m; Motherwell DC £2m; South Oxfordshire County Council £0.5m; Hillingdon (London Borough of) £1m; Hounslow (London Borough of) £0.5m; Wimborne DC £0.25m; Chester-Le-Street DC £0.25m; Eastbourne Borough Council £0.25m; Renfrew DC £1m.

* * *

For 1984, the Garton Engineering group made a profit of £457,000, an increase of £171,000 over the previous year. The final dividend is 2p for a net total of 3p, compared with 2.5p.

The board is looking for a further improvement in results in the current year. Now that the miners' strike is finished it feels there is good reason to expect a return to better trading conditions.

Turnover in 1984 moved up to £11.74m (£10.75m). Tax takes £97,000 (£39,000) and there is an extraordinary debit of £112,000, to leave the net profit at £248,000 (£247,000). Earnings per 10p share were 9.77p (6.69p).

* * *

New London Oil's offer for sale of 6.5m shares was oversubscribed 31 times, with about 70,000 applications for 210m shares being received.

Applications will be dealt with on the basis of: 100 to 900 shares —weighted ballot for 100 shares; 1,000 to 7,000 — weighted ballot for 200 shares; 7,500 to 9,500 — approximately 3 per cent; 10,000 to 245,000 — approximately 3.5 per cent; 250,000 and over — 4 per cent.

* * *

Taxable profits at Lorin Electronics, surged ahead by 43 per cent from £567,000 to £812,000 in 1984. The company, specialising in design, development and manufacturing of switches and connectors lifted turnover by 40.6 per cent from £2.85m to £4m.

A final dividend of 1p per 20p share makes a total of 1.5p, a 50 per cent increase on 1983.

Earnings per share of this USM concern are given as 9.75p (5.9p).

* * *

For the six months to January 31, 1985 pre-tax profits of TSW-Television South West Holdings declined from £978,000 to £836,000. The figures were after Exchequer levy of £514,000, against £914,000, and Channel 4 charges of £1.33m, compared with £1.11m.

Below the line a compensation payment of £32,000 was charged as an extraordinary item.

* * *

AN ADVANCE in taxable profits from £451,000 to £714,000, representing a 58 per cent rise, and an increase in final dividend to 1.54p was reported by Telfos Holdings in 1984.

In the year under review, turnover surged from £6.48m to £8.59m.

After higher tax of £73,000 (£33,000), net profits are shown at £641,000 (£418,000).

Dividends absorb £169,000 (£77,000). Earnings per 20p share are shown at 11.1p (8p) and 9.1p (6.5p) fully diluted. Retained profits emerged at £505,000 against £341,000.

* * *

Kleinwort, Benson Sterling Asset Fund had a net asset value of £18.00½ per 1p participating preference share on April 1, 1985, compared with £16.56 six months earlier. Net revenue was £5,055 (£3,927).

A final 5.1p (4.02p) is being paid.

* * *

Hazlewood Foods yesterday said it had agreed to acquire Aimclam, a chilled salads and ready-made meals company. Payment will be calculated on Aimcalm's 1984 pre-tax profits and its performance over the next three years.

* * *

Consultants (Computer & Financial), a USM stock, returned to the black in the second half of 1984 and the directors say that prospects for 1985 are encouraging.

The return to profit, however, was not enough to offset the first half deficit of £131,444 and the group finished the year £90,000 in the red pre-tax compared with a profit of £496,000 in 1983.

Loss per share was 1.2p (earnings 4.25p) but shareholders will receive a 0.15p final dividend making a total 0.25p (adjusted 0.6p).

Share move rekindles Tricentrol bid rumours

By Ian Hargreaves

A 4.7 per cent stake in Tricentrol, the independent UK oil company, has been passed from stock jobbers Akroyd and Smithers to stockbrokers James Capel, re-awakening City speculation that Tricentrol will soon be faced with a takeover bid.

Capel is a leading oil industry broker and, with Cazenove, has acted in the past for Enterprise Oil in its efforts to fend off the advances of Rio Tinto-Zinc, following the Enterprise flotation last year.

Tricentrol said it had written to Capel asking for information on the beneficial holder of the 4.7 per cent stake by the close of stock market business today. It is entitled to this information under the Companies Act, although there is room for disagreement on the time available to the broker to make a statement.

Tricentrol learned of the Capel involvement in a letter from Ackroyd & Smithers, which it received earlier this week. Tricentrol had threatened legal action against the jobber if it withheld information.

Neither Capel nor Enterprise would comment on the development last night. Both Enterprise and Tricentrol have been the subject of continual merger speculation in recent months

Shareholders vote troubled Sturla into liquidation

BY ALEXANDER NICOLL

SHAREHOLDERS OF Sturla Holdings, a leasing group, voted yesterday to put the company into voluntary liquidation fater hearing a detailed account of the company's traumas under the chairmanship until 1983 of Mr Robert Knight, who is now facing criminal charges.

The liquidation marks the end of repeated efforts by its current board, including Mr David Britton as chairman and Mr William Starkey, to resuscitate Sturla. The company lost its stock market quote shortly after Mr Knight was arrested in March 1983 in connection with police investigations into forged Eurobonds.

A dozen of Sturla's 3,500 shareholders heard Mr Peter Phillips, a patrner of accountants Arthur Andersen, tell the story of Sturla's escalating troubles and failed rescue attempts. His appointment as liquidator was subsequently confirmed by creditors.

An unaudited statement of Sturla's affairs showed that £10.34m is owed to preferential and unsecured creditors, and that only £393,500 is likely to be available to satisfy the debts. The bulk of the realisable assets is represented by the group's investment in the film "The Osterman Weekend."

Mr Britton and Mr Starkey, facing a write in 1983 after a bill of exchange relating to the film investment was dishonoured, said they could not locate documentation with which to challenge the claim. They then renegotiated the deal.

Mr Knight also entered into a lease transaction for the negatives of two films, Mr Phillips said. The deal was funded by a loan, now in the books at £4.3m, from Bolster NV, said to have been a bank operating in the U.S. The films were understood to have been "Charlie Chan" and "Force Five."

Under normal circumstances, lease payments would have liquidated the loan. "In addition, a substantial payment of commision was paid up front by Sturla to third parties who had presumably put the transaction together," Mr Phillips said. Sturla would have benefitted from capital allowances of about £8.5m, but these were not obtained.

"By October 1984, the directors felt that the whole transaction was suspect since the so-called 'bank' appeared to be nothing more than an off-shore shell company and was probably owned by Sturla anyway," Mr Phillips added. Sturla believes it will receive nothing from the transaction, but has included the debt to Bolster in its books.

Shareholders heard that in October 1982, Mr Knight told the board that he had arranged the receipt of £9.8m worth of J. C. Penney bonds which Sturla could use as collateral for loans.

The following month, Sturla was notified that the bonds were counterfeit and this resulted in criminal charges being brought against Mr Knight in March 1983.

Mr Britton and Mr Starkey called in the City of London police after investigating the film leases and Sturla's exposure to Spanish property transactions of Closemere, a company controlled by Mr Knight.

Mr Knight has been charged with conspiring to defraud financial institutions and, separately, Sturla and its shareholders. His cases are among a series of trials of which the next stage is due to begin at the Old Bailey on April 22.

The directors' last attempt to rescue Sturla, through a City-based consortium which would have provided it with credit lines and new business, fell through earlier this year when Customs & Excise, owed £1.3m in VAT, refused to go along with the plan.

Customs & Excise sought to wind up the company and the final straw was the emergence of a new £1m claim against Sturla—not included in the debt estimate.

Bramall agrees bid terms with Manor

By Lionel Barber

C. D. Bramall, the Bradford-based motor dealer, is to acquire Manor National, the Manchester-based dealer, under a revised £1.96m bid agreed yestrdy.

The offer contains a more generous loan stock element, but the ordinary share offer and the cash alternative are slightly lower than originally planned.

Last Monday, Manor requested a suspension of its shares saying that certain conditions required by Ford Motor Company for the enlarged group could not be met under the terms of Bramall's offer.

It is understood that Ford objected to the gearing within Bramall, a major Ford distributor, which would arise from the acquisition of Manor.

The new offer is £3.15 in cash and one Bramall share for every 40 Manor shares; 80p in cash for each 10.5 per cent redeemable cumulative preference share of £1 of Manor; and 90p nominal of a new 13 per cent Bramall convertible unsecured loan stock for each £1 nominal of the Manor 12 per cent convertible unsecured loan stock.

Based on last night's closing price for Bramall of 140p, unchanged on the day, Manor's shares are valued at 11.3p. The cash alternative values each Manor share at 11p.

However, Bramall's original cash offer of 85p each for Manor's preference shares has been reduced to 80p, while the loan stock alternative is 10p higher.

Williams lifts terms and wins approval of Jackson

Williams Holdings, the specialist engineer and motor vehicle distributor, yesterday announced a revised and agreed £32.4m bid for the engineering group, J. & H. B. Jackson.

Williams has slightly increased its paper offer and produced a new cash alternative of 115p a share for Jackson shareholders. The cash offer is underwritten by Williams' advisers, J. Henry Schroder Wagg.

Under the new offer, Williams is offering five of its own shares and eight new convertible preference shares for evary 19 (instead of the previous 20) shares in Jackson.

Based on last night's closing price for Williams of 287p, down 3p on the day, the paper offer values Jackson's shares at 132p. Jackson advised by Baring Brothers, closed unchanged last night at 120p.

When Williams launched its bid four weeks ago, its shares stood at 243. Based on this price, Jackson's shares were valued at 15p. The deal will double Williams' market capitalisation to around £56m.

Mr Nigel Rudd, Williams' chairman, said: "We wanted an agreed bid and we are very happy to have secured agreement."

Mr John Kinning, Jackson's managing director, said: "Everyone was agreed that there was commercial logic in the deal. The cash alternative gives shareholders a choice, which must be right."

● In a separate development, the Stock Exchange is conducting an inquiry into the rise of Jackson's shares immediately before the bid. They rose almost 30 per cent to 84p in the two days before Williams' management made its first approach to Jackson.

Nationwide buys Butlin's sites

Nationwide Leisure, the holiday group and operator of park home estates, is to buy three estates and two caravan sales businesses from Butlin's for £2.37m.

The company accompained yesterday's announcement with a forecast that pre-tax profits will rise to not less than £1.25m in the year ending October 1985 compared with £843,000 in 1983-1984.

Earnings per share will amount to 9.5p, assuming a 35 per cent tax charge, and the directors plan to recommend total dividends of 3.75p, including a 1.25p interim payment, compared with an equivalent 2.5p last year.

Nationwide, which came to the Unlisted Securities Market in May 1983 and has hopes of an early move to a full listing, also announced plans for £995,000 rights issue.

It intends to consolidate five existing 5p shares into one 25p share and then issue one new share for every five already held.

Conditional agreement has been reached with Butlin's, part of The Rank Organisation, to buy the park home estates at Ringwood and Hamble in Hampshire and Brockham in Surrey. It will also buy caravan sales centres at Christchurch in Dorset and at Salisbury, Wiltshire.

The estates can accommodate 285 park homes—originally caravans, though now replaced by houses which appeal particularly to first time buyers and retired people. The Hamble site also has room for 51 static holiday caravans.

These businesses contributed £383,000 to Butlin's profits in the year ended October 1984, before taking into account central overheads, interest and tax.

Nationwide will issue 2.42m shares to finance the purchase. They have been conditionally placed by stockbrokers Sheppards and Chase at 95p each. The balance will be in cash.

The purchase will consolidate Nationwide's position in markets in the South of England. It already has estates in Surrey, Hampshire and Dorset. The caravan sales centres will be merged with Nationwide's existing leisure retailing interest, Camping International.

The rights issue is being made to improve the company's working capital position after three years of acquisitions, including Camping International and the Neilson Leisure tour operations. These have required, and in some cases will still require large cash payments.

● Warner Holidays has bought the Sunshine Holiday Village on Hayling Island from Leisure Holidays, part of The Rank Organisation, for an undisclosed sum. Warners plans to invest £1m in the village.

S & N posts Matthew Brown bid details

Scottish & Newcastle Breweries yesterday posted details of its £100m takeover bid for Blackburn-based brewer Matthew Brown to Matthew Brown's shareholders. At the same time S & N revealed it had bought a further 100,000 Matthew Brown shares, taking its holding to 13.5 per cent.

The S & N offer document showed one of the brewery's marketing characters, a white-bearded, top-hatted old gentleman, with a friendly arm around a smiling bottle of Lion Bitter, one of Matthew Brown's leading brands.

Inside S & N argued that Matthew Brown needed S & N to increase its sales to the free trade and to the national take-home trade.

S & N said it would allow Matthew Brown to compete effectively against the major brewers.

Pearson buys Pitman for £12m

BY LIONEL BARBER

Longman, the UK publisher, is to buy Pitman, the family publishing and examinations business, best known for pioneering shorthand, in an agreed deal valued at £12.5m.

Longman, part of the Pearson group which publishes the Financial Times, has agreed to transfer the Pitman training business to Mr Mark Pitman, one of the joint group managing directors.

Under the deal, Pitman will be placed in voluntary liquidation and a new holding company created, Pitman Holdings, which will control the publishing and examination businesses.

Pearson, Longman's parent, is offering approximately 195p in cash for each ordinary share in Pitman Holdings. There is a paper alternative of one Pearson share for every 341p in cash available to accepting shareholders. Pearson is also offering £1 nominal of loan notes bearing interest at Libor for every £1 of the cash consideration available under the bid.

Pitman's main strengths are in educational publishing and training. It trades worldwide and has major subsidiaries in Canada and Australia. Last year it produced £576,000 pre-tax profits on £31m of turnover.

Longman is one of the UK's largest educational, medical and professional publishing houses. Some 70 per cent of its business is outside the UK, boosted by a number of recent acquisitions in the United States.

Under the terms of the reorganisation, Pitman will repay preference shares and discharge other liabilities which are expected to amount to around £5.5m.

Pearson said it had adjusted the maximum £18m price for the total Pitman business to take account of these liabilities and the reorganisation. It also noted that Pitman's audited accounts for 1984 revealed adjusted net assets of less than £8m. Net asets are now estimated at £2.5m.

Pearson aded: "The joining of Pearson and Pitman will create an international publishing group, in its key markets, of strengthened quality. Pitman's name and position in its business, further educational and office secretarial markets, complement Longman's strengths as an educational and professional publisher."

The Pitman business is fourth generation going mack to Sir Isaac Pitman, the early Victorian inventor of shorthand, the indispensable skill for secretaries and journalists.

Green light for Sears

The Government yesterday gave Sears Holdings, one of Britain's biggest retailers, the green light for its £115m agreed takeover bid for Foster Brothers Clothing, the menswear chain. The Department of Trade is not to refer the bid to the Monopolies Commission.

Foster Brothers shares, which had been depressed on fears that the Office of Fair Trading might seek a reference, rose following the news to close at 218p, up 8p on the day. Sears closed at 84p, down 1½p.

Sears stepped in after Ward White, the Northamptonshire-based shoe retailer, launched a contested £97m bid for Foster Brothers. Ward White withdrew in the face of the higher offer and worse-than-expected 1984 figures from Foster Brothers.

Reuters completes Rich deal

BY CHARLES BATCHELOR

Reuters, the international business information and news agency group, yesterday revealed it had completed the purchase of Rich, a U.S. designer of dealing room communications systems, for nearly $10m (£8.2m) more than originally envisaged.

The two companies announced on February 26 that Reuters would acquire Rich for a total of $57.5m — comprising 14.67m new B limited voting ordinary shares and about $2m cash. Reuters then put an average value of $22.71 on each American Depositary Receipt, representing six shares.

By March 26, the last day before completion of the acquisition, the closing price for Reuter's ADRs was $26.61, adding $9.57m to the nominal value of the deal.

Reuters said yesterday there had been no adjustment in the number of shares issued to Rich but it pointed out there were restrictions on the sale of these new shares. They could be worth less when they are free for sale.

An audit of Rich's accounts for the 15 months ended December 1984 showed net tangible assets of about $3.9m compared with the target set in the original agreement of at least $3.8m. Similarly, pre-tax profits in that period amounted to about $4.3m compared with the target of at least $4m.

Rich is Reuters' first major acquisition since the British group was floated on the London and New York stock markets last June. Rich has 4,000 terminals in dealing rooms around the world.

BASE LENDING RATES

A.B.N. Bank	13 %	Johnson Matthey Bkrs.	13½%
Allied Irish Bank	13½%	Knowsley & Co. Ltd.	14 %
Henry Ansbacher	13½%	Lloyds Bank	13 %
Amro Bank	13 %	Edward Manson & Co.	14 %
Associates Cap. Corp.	14 %	Meghraj & Sons Ltd.	13½%
Banco de Bilbao	13½%	Midland Bank	13½%
Bank Hapoalim	13 %	■ Morgan. Grenfell	13 %
BCCI	13½%	Mount-Credit Corp. Ltd.	13½%
Bank of Ireland	13½%	National Bk. of Kuwait	13½%
Bank of Cyprus	13 %	National Girobank	13½%
Bank of India	13½%	National Westminster	13 %
Bank of Scotland	13½%	Northern Bank Ltd.	13 %
Banque Belge Ltd.	13½%	Norwich Gen. Trust	13½%
Barclays Bank	13½%	People's Trust	14 %
Beneficial Trust Ltd.	14 %	Provincial Trust Ltd.	14½%
Brit. Bank of Mid. East	13 %	R. Raphael & Sons	13 %
■ Brown Shipley	13½%	P. S. Refson	13½%
CL Bank Nederland	13½%	Roxburghe Guarantee	13½%
Canada Perm'nt Mtge	13 %	Royal Bank of Scotland	13 %
Cayzer Ltd.	13½%	Royal Trust Co Canada	13 %
Cedar Holdings	14 %	■ J. Henry Schroder Wagg	13 %
■ Charterhouse Japhet	13 %	Standard Chartered	‖13½%
Choulartons**		TCB	13½%
Citibank NA	13 %	Trustee Savings Bank	13½%
Citibank Savings	§12¾%	United Bank of Kuwait	13 %
Clydesdale Bank	13½%	United Mizrahi Bank	13 %
C. E. Coates & Co. Ltd.	14 %	Westpac Banking Corp.	13½%
Comm. Bk. N. East	13 %	Whiteaway Laidlaw	13½%
Consolidated Credits	13½%	Williams & Glyn's	13 %
Co-operative Bank	13 %	Wintrust Secs. Ltd.	13½%
The Cyprus Popular Bk.	13 %	Yorkshire Bank	13 %
Dunbar & Co. Ltd.	13½%		
Duncan Lawrie	13½%		
E. T. Trust	14½%		
Exeter Trust Ltd	13½%		
First Nat. Fin. Corp.	14½%		
First Nat. Secs. Ltd.	14 %		
■ Robert Fleming & Co.	13 %		
Robert Fraser & Ptns.	14 %		
Grindlays Bank	‡13 %		
■ Guinness Mahon	13 %		
■ Hambros Bank	13½%		
Heritable & Gen. Trust	13½%		
■ Hill Samuel	§13½%		
C. Hoare & Co.	†13½%		
Hongkong & Shanghai	13 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 10%. 1 month 10.75%. Fixed rate 12 months £2,500 10.75%. £10,000 12 months 11.00%.
† 7-day deposits on sums of under £2,000 10½%. £2,000 up to £10,000 11½%. £10,000 up to £50,000 11¾%. £50,000 and over 12%.
‡ Call deposits £1,000 and over 10%.
‖ 21-day deposits over £1,000 11¼%.
¶ Mortgage base rate.
§ demand deposits 10½%.
** See Provincial Trust Ltd.

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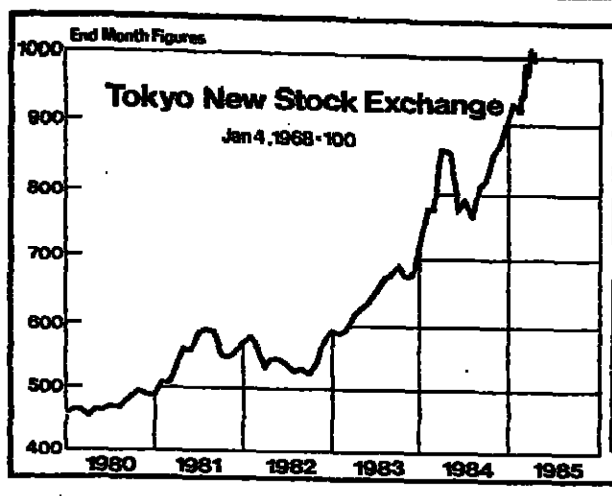
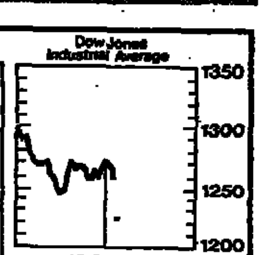
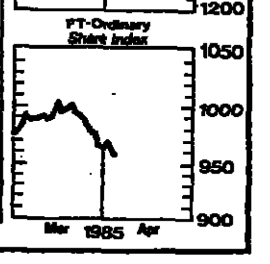
KEY MARKET MONITORS







STOCK MARKET INDICES

NEW YORK	April 3	Previous	Year ago
DJ Industrials	1,254.97	1,265.68	1,148.76
DJ Transport	590.12	599.20	505.04
DJ Utilities	153.78	154.54	125.87
S&P Composite	178.88	180.53	157.66
LONDON			
FT Ord	956.5	969.4	857.8
FT-SE 100	1,274.8	1,286.8	1,095.4
FT-A All-share	615.51	620.15	516.20
FT-A 500	673.11	677.74	556.59
FT Gold mines	514.4	506.2	645.9
FT-A Long gilt	10.56	10.56	10.15
TOKYO			
Nikkei-Dow	12,683.26	12,629.86	10,933.8
Tokyo SE	996.91	997.0	867.7
AUSTRALIA			
All Ord.	837.5	828.9	744.9
Metals & Mins.	536.7	524.6	525.1
AUSTRIA			
Credit Aktien	74.34	74.25	55.3
BELGIUM			
Belgian SE	2,272.78	2,261.49	–
CANADA			
Toronto			
Metals & Minls	2,047.2*	2,048.98	2,283.0
Composite	2,605.9*	2,614.95	2,355.9
Montreal			
Portfolio	128.78*	129.45	114.69
DENMARK			
Copenhagen SE	n/a	183.05	182.69
FRANCE			
CAC Gen	215.7	213.3	164.5
Ind. Tendance	417.6	416.8	87.2
WEST GERMANY			
FAZ-Aktien	412.36	413.31	349.9
Commerzbank	1,191.5	1,195.6	1,025.9
HONG KONG			
Hang Seng	1,450.35	1,430.36	1,033.19
ITALY			
Banca Comm.	264.41	264.66	215.32
NETHERLANDS			
ANP-CBS Gen	203.3	204.4	162.6
ANP-CBS Ind	164.3	165.7	131.1
NORWAY			
Oslo SE	313.36	311.63	263.93
SINGAPORE			
Straits Times	814.18	811.68	961.76
SOUTH AFRICA			
Golds	1,067.9	1,054.1	986.0
Industrials	901.0	897.0	1,055.1
SPAIN			
Madrid SE	111.73	111.99	83.6
SWEDEN			
J & P	1,394.58	1,386.36	1,575.15
SWITZERLAND			
Swiss Bank Ind	417.8	417.6	369.0
WORLD	Apr 2	Prev	Year ago
Capital Int'l	202.1	203.0	189.3

GOLD (per ounce)

	Apr 3	Prev
London	$319.25	$319.125
Zürich	$320.85	$318.875
Paris (fixing)	$321.30	$320.93
Luxembourg	$321.00	$315.00
New York (May)	$316.80	$322.00

* Latest available figure

COMMODITIES

(London)	Apr 3	Prev
Silver (spot fixing)	529.30p	530.55p
Copper (cash)	£1,196.50	£1,192.50
Coffee (May)	£2,169.00	£2,215.50
Oil (spot Arabian light)	$27.725	$27.70

CURRENCIES

(London)	U.S. DOLLAR Apr 3	Previous	STERLING Apr 3	Previous
$	–	–	1.2135	1.2075
DM	3.1225	3.149	3.8	3.805
Yen	253.2	254.1	307.0	307.0
FFr	9.535	9.6075	11.585	11.58
SwFr	2.6465	2.66	3.205	3.205
Guilder	3.5225	3.5535	4.27	4.29
Lira	1,991.0	2,001.0	2,415.0	2,415.0
BFr	62.85	63.3	76.2	76.4
C$	1.3727	1.3742	1.6635	1.6595

INTEREST RATES

Euro-currencies (3-month offered rate)	Apr 3	Prev
£	13¼	13 5/16
SwFr	5 11/16	5¾
DM	6 1/16	5 15/16
FFr	11	11
FT London Interbank fixing (offered rate)		
3-month U.S.$	9 5/16	9 7/16
6-month U.S.$	9 9/16	9⅝
U.S. Fed Funds	8 7/16*	8½
U.S. 3-month CDs	8.70*	8.75
U.S. 3-month T-bills	8.18*	8.21

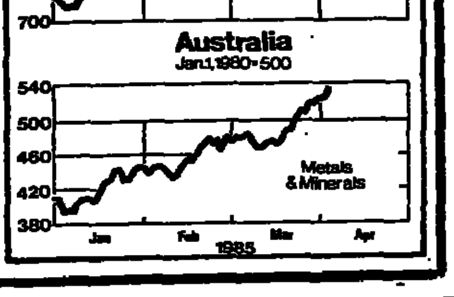
U.S BONDS

Treasury	Apr 3* Price	Yield	Prev Price	Yield
10⅜ 1987	100 19/32	10.463	100 17/32	10.45
11⅝ 1992	100 19/32	11.639	100 19/32	11.63
11¼ 1995	97 19/32	11.70	97 19/32	11.68
11¼ 2015	96 13/32	11.68	96 13/32	11.68

Corporate	Apr 3* Price	Yield	Prev Price	Yield
AT & T				
10⅜ June 1990	95⅝	11.49	95⅝	11.49
3⅜ July 1990	73⅝	10.62	73⅝	10.62
8⅜ May 2000	75⅝	12.32	75⅝	12.32
Xerox				
10⅞ March 1993	93⅜	12.00	93⅜	12.00
Diamond Shamrock				
10⅜ May 1993	92½	12.40	92½	12.40
Federated Dept Stores				
10⅜ May 2013	86.153	12.40	86.153	12.40
Abbot Lab				
11.80 Feb 2013	94.920	12.45	94.920	12.45
Alcoa				
12⅜ Dec 2012	95.078	12.90	95.078	12.90

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT) 8% 32nds of 100%				
June	69–09	69–16	69–06	69–11
U.S. Treasury Bills (IMM) $1m points of 100%				
June	91.35	91.38	91.33	91.36
Certificates of Deposit (IMM) $1m points of 100%				
June	90.58	90.62	90.54	90.57
LONDON				
Three-month Eurodollar $1m points of 100%				
June	90.19	90.22	90.14	90.09
20-year Notional Gilt £50,000 32nds of 100%				
June	106–00	106–17	105–31	106–12



WALL STREET

Unsettling influences accumulate

FINANCIAL markets on Wall Street were unsettled again yesterday by nervousness over the outlook for corporate profits and also for domestic money supply with its implications for the direction of Federal Reserve policies and interest rates, *writes Terry Byland in New York.*

Short-term interest rates remained firm behind a federal funds rate still at the high end of the range of the past fortnight. Market forecasts that today's announcement of M1 money supply would disclose a rise of as much as $4bn. discouraged investors in the credit markets. Stocks began to slide at midsession, although selling pressure was light.

By 3pm, the Dow Jones industrial average was down 10.71 at 1254.97.

Turnover was subdued in both sectors of the market, and major investors concentrated on balancing their positions ahead of the Easter weekend. An active area, however, was the corporate bond market where major borrowers continued to take advantage of the dip in rates over the past month.

The stock market was again featured by special situations, with the major blue chips trading narrowly around overnight levels.

But the Dow Transportation average fell sharply as airline stocks were pounded by adverse comment from the brokerage community. United lost $1 to $44¾ after the airline specialist at Salomon Bros. warned the group faced "quite a challenge" and would suffer falling profits this year, and perhaps in 1986 as well.

Worries over the continuing competition on domestic routes brought selling of American Airlines, which dipped $1⅝ to $40⅞. Delta fell $1⅛ to $45½ while among the international carriers, Pan American weakened $⅛ to $4¾.

Technology issues paused for profit-taking, leaving IBM $1⅜ down at $127 and Honeywell $¼ lower at $59. Motor issues followed the same pattern with general motors $⅝ down at $73 after filing a $2bn shelf offering with the securities and exchange commission.

Active issues included Gulf & Western industries, up $1⅛ at $37 although Mr Irwin Jacobs had no comment on market hints that he is a buyer and values the stock as high as $50 a share.

Hilton Hotels made a delayed start but later gained $5½ to $69¼ in response to the offer of $72 a share by Golden Nugget for an equity stake – to be extended to all stockholders. Hilton stock was heavily traded and Golden Nugget added $⅛ to $11¾.

CBS remained a centre of takeover speculation, adding $1 to $107⅞ although MCI Communications denied reports that it had obtained funding to bid for the broadcasting network operator. The reports linked Mr Ted Turner and Mr William Simon, former U.S. Treasury Secretary, as interested parties but there was no confirmation from either.

Crown Zellerbach fell $1⅜ to $40 after Wall Street analysts took a view that no rival would appear to compete with Sir James Goldsmith's threatened bid for the equity.

A casualty among the defence contractors was Todd Shipyards, down $5⅛ at $30⅞ after a $322m U.S. Navy contract went elsewhere.

National Can, $⅛ easier at $41⅝, made little response to news of talks which could bring an offer of $42 a share from Triangle Industries. National Can has already seen two offers around current share price levels.

In the absence of new developments on the proposed merger, Hospital Corporation of America slipped $1⅛ to $41⅜, in hefty turnover while American Hospital Supply shed $1 to $31⅜.

Disappointed that no plans for liquidation will be discussed at the annual meeting, some speculators sold stock in ITT, which lost $⅝ to $34⅜.

Speculative selling also hit AMP Inc., the wire terminal manufacturer, which, at $31⅞ lost $1⅛.

In the credit markets, Federal funds were trading at 8 7/16 per cent when the Fed announced it was buying Treasury bills on its own account. The board has now intervened on each of the last six trading sessions, encouraging the belief that it wants a lower Fed funds rate.

Some credit market analysts fear that money supply is rekindling, and may force the Fed to tighten its policies despite the renewed nervousness over the banking system and, since the collapse of ESM Government Securities, the bond market itself.

However, Treasury bill yields showed little change and in the bond market, falls were minimal in prices.

EUROPE

Holiday takes toll on activity

THE APPROACH of the long Easter holiday weekend provided an inhibition to trading on European bourses yesterday. The uncertain tone of the dollar also meant that activity by foreign investors was muted.

Frankfurt opened steady but shares had turned mixed by the close as domestic demand dwindled. The midsession calculation of the Commerzbank index registered a 3.5 decline to 1,191.5.

Disappointment with Bayer's 34 per cent rise in pre-tax profit – some analysts had expected a 50 per cent gain – left the shares down DM 1.20 in early reaction, but recovered to close a net 30 pfg lower at DM 211.20.

Other chemical issues were mixed with BASF 10 pfg higher at DM 204, while Hoechst slipped 30 pfg to DM 206.20. Pharmaceutical Schering gained 70 pfg to DM 450.70.

Among the banks, Deutsche – the latest to report – edged 30 pfg higher to DM 439.80 as investors assessed the rise in group operating profits.

Dresdner Bank, the only one of the leading banks to raise its dividend, gained DM 1 to DM 190. Commerzbank fell DM 1 to DM 163.

Domestic bond prices ended firmer after a moderately active session although uncertainty over the outlook for the dollar kept some investors out of the market. The Bundesbank sold DM 77.2m of paper, after purchases totalling DM 16.8m the previous day.

Amsterdam turned lower with the market awaiting more corporate results in the coming week.

The ANP-CBS General index slipped 1.1 to 203.3.

Pakhoed was unable to recover from an early decline despite the announcement of higher 1984 profits. The storage group closed down Fl 4.20 at Fl 67.

In the banking sector, NMB eased Fl 3 to Fl 169 ahead of its results while ABN was down Fl 5.50 at Fl 398.50. Mortgage banks were higher on the reduced upward pressure on Dutch interest rates. FGH rose Fl 1.40 to Fl 56.40 and WUH was Fl 1.90 firmer at Fl 104.10.

Publisher Elsevier gave up an early advance to fall Fl 1.50 to Fl 112.50 in continued reaction to its expectations of a slowing of profits growth this year.

VMF-Stork was unchanged at Fl 152 despite a 40 per cent rise in net 1984 income and plans to resume dividend payments.

Bond prices moved slightly up in quiet trading.

Zurich maintained its firmer tone. Among the best advances of the day, Sandoz added SwFr 200 to SwFr 7,700 and Jacobs Suchard rose SwFr 25 to SwFr 6,375.

The recently volatile Nestlé and Ciba-Geigy were unchanged at SwFr 6,340 and SwFr 2,840 respectively.

In the metals sector, Alusuisse put on SwFr 4 to SwFr 855: its annual press conference came after the market had closed.

Bonds were steady in quiet trading.

Paris continued on its record setting ways with the CAC General index up 2.4 at a peak 215.7. The mood has been underpinned by some better than expected corporate results recently and yesterday, the market was further buoyed by a 138 point fall in call money rate to 10½ per cent.

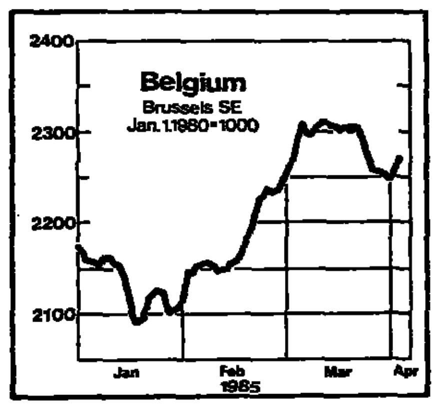
Avions Dassault rose FFr 120 to FFr 1,350 following reports that it is negotiating a substantial fighter aircraft sale to Iraq.

Brussels was also firmer although Wagons-Lits, the travel and tourism group, was unchanged at BFr 2,640, despite a rise in 1984 profits and plans to raise its dividend.

Delhaize, the retailer, put on BFr 290 to BFr 7,360, in continued reaction to its higher 1984 profits.

Groupe Bruxelles Lambert gained BFr 30 to BFr 2,010 while Société Générale de Belgique was BFr 20 ahead at BFr 2,020.

Milan was firmer, reversing the downward trend of the previous seven sessions. **Stockholm** was also higher in lacklustre trading, but **Madrid** was lower.



TOKYO

Institutions spur visit to new peak

THE REBOUND in Tokyo shares yesterday from the previous day's setback boosted the Nikkei-Dow market average to another all-time high, *writes Shigeo Nishiwaki of Jiji Press.*

Investor interest began shifting to comparatively large-capital, medium and low-priced stocks such as Sumitomo Cement and Kanebo. The swing was away from biotechnology, hidden-asset and new materials-related issues which had already peaked. Otherwise promising quality issues were dampened by renewed trade friction with the U.S.

The Nikkei-Dow gained 53.40 to 12,683.26, topping the previous high of 12,677.15 recorded on Monday. Volume swelled to 728m shares from Tuesday's 505m. Rises outnumbered declines by 438 to 338, with 130 issues unchanged.

Large brokerage houses attributed the rebound to renewed brisk buying by institutional investors, including specific money trust funds of trust banks, to usher in the new fiscal year.

Cement and cotton-spinning stocks stood out among favoured medium and low-priced issues. Sumitomo Cement topped the active list with 35.37m shares changing hands and benefited from news that the company is developing artificial bones through biotechnology. It rose Y43 to Y346. Onoda Cement and Nihon Cement firmed in sympathy, adding Y35 and Y11 to Y411 and Y261 respectively.

Elsewhere Keisei Electric Railway climbed Y19 to Y325, boosted by growth in visitors to its affiliate, Tokyo Disneyland. Minolta Camera added Y35 to Y700 on increased demand for its single-lens reflex cameras.

Blue-chips were mixed, with many still out of favour. Toshiba, fourth busiest with 18.51m shares, firmed Y1 to Y430; Sony advanced Y30 to Y4,400 and Pioneer Y120 to Y2,790, both on small-lot buying; but Matsushita Electric Industrial fell Y20 to Y1,510.

Trading on the bond market was lacklustre, with many investors awaiting the authorities' decision on the terms of 10-year government bonds scheduled for issuance this month.

Small-lot dealing by city and trust banks and speculative buying by some securities houses sent the yield on the benchmarkt 7.3 per cent government bond due in December 1993 down to 6.690 per cent from Tuesday's 6.715.

LONDON

Pre-Easter lethargy hits equities

LEADING EQUITIES wilted in London yesterday ahead of the long market holiday as dealers encountered some tax-loss selling which weighed heavily on trade and produced sharp price falls. By the close the FT Ordinary index was down 12.9 at 956.5.

Internationals slipped after a firm opening for sterling but failed to recover when the exchange rate came back. Blue Circle suffered adverse views on its proposed acquisition of Atlantic Cement of America. The UK group dropped 29p to 488p.

Gilts went into hibernation with closing quotations showing only small changes.

Chief price changes, Page 40; Details, Page 41; Share information service, Pages 42–43

CANADA

GOLD AND OIL issues came under heavy selling pressure in Toronto as the late weakness of the previous session was extended yesterday.

Among the actives, AMCA International dipped C$¼ to C$14, Inco eased C$⅛ to C$18⅝ and Dome Petroleum shed 10 cents to C$3.20. Bow Valley Resources traded C$¼ lower to C$7½.

Financials also tended lower with Canada Trust losing C$⅜ to C$32⅞ and Canadian Imperial Bank moving C$¼ off to C$29⅛.

AUSTRALIA

THE SURGE in U.S. copper prices spurred Sydney to a record with a 8.6-point gain in the All-Ordinaries index to 837.4, and a 11.5 jump in the All-Resources index to 560.5.

Resource issues were led sharply higher by blue-chip miners as the falling Australian dollar enhanced the attraction of this sector.

MIM Holdings was bought 18 cents higher to A$3.40 while Bougainville surged 14 cents to A$2.40. Elsewhere, CRA picked up 14 cents to A$6.16, BHP rose 10 cents to A$6.04, and Peko jumped 10 cents to A$4.15.

SOUTH AFRICA

THE CONTINUED strength of the bullion price injected further buoyancy into Johannesburg gold shares.

Randfontein put on another R5 to R210 while Unisel scored the highest percentage rise of the day with a R1.50 surge to R19.75.

Mining financials and other miners followed the traditional lead of the gold sector with Anglo American picking up 50 cents to R26 while Impala Platinum firmed 25 cents to R22.50. De Beers continued to find support with a 3 cent gain to R10.15.

SINGAPORE

LATE bargain-hunting forced a mixed finish in Singapore although the Straits Times industrial index managed a 2.5 point rise to 814.18.

UOB, the most active share, closed unchanged at S$4.34 while TDM shed 2 cents to S$3.14 in active dealing. Pan Electric, also busily traded, picked up 3 cents to S$2.85.

Cycle & Carriage continued to benefit from speculative buying on reports of a takeover bid. Although turnover was reduced from recent levels, it climbed 8 cents to S$4.08.

HONG KONG

THE REAPPEARANCE of overseas institutional buying pushed Hong Kong higher and left the Hang Seng index at a three-and-a-half-year peak of 1,451.35, a rise of 19.79 points.

Speculation that Jardine Matheson might be the subject of a takeover subsided, but the trading group firmed 10 cents to HK$10.20 while Hongkong Land, its associate company, added 5 cents to HK$5.15.

Prices at 3pm, April 3

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on Page 39

AMERICAN STOCK EXCHANGE COMPOSITE PRICES

Prices at 3pm, April 3

[illegible]

Continued on Page 40

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

Continued from Page 38

[illegible]

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
43⅞	29⅞	Wolwth	1.80	4.3	9	412	42	41¼	41⅝	−⅜
5¼	2⅜	WrldAr				37	4⅛	4	4⅛	
64½	45¾	Wrigly	1.80a	2.8	11	46	64⅛	63⅜	64	+⅜
6⅜	3⅛	Wurltzr				102	4⅛	4	4⅛	−¼
18	10¾	WyleLb	.32	2.6	10	13	12¼	12⅛	12¼	+⅛
23⅜	17	Wynns	.60	3.1	7	115	19⅝	19⅜	19⅝	−⅜
		X Y Z								
46¼	33¼	Xerox	3	7.0	17	7151	44⅝	42⅞	42⅞	−1½
51⅜	45¼	Xerox	pf5.45	11		1255	50⅝	50	50⅝	+¼
30	24	ZaleCp	1.32	4.7	8	9	28	27¾	27⅞	
24⅞	13⅜	Zapata	.84	5.9	17	433	14⅜	14	14⅛	−¼
58	30	Zayre	.40b	.7	14	223	55⅝	54¼	54¾	−⅞
31¼	18⅛	ZenithE			7	1234	21⅝	21¼	21⅜	−½
21⅞	14⅜	Zero	s		17	246	19	18½	18½	−½
31⅜	21⅛	Zurnin	1.32	4.8	10	32	27¾	27½	27⅝	

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begins with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

WORLD STOCK MARKETS

AUSTRIA

Apr. 3	Price Sch%	+ or −
Creditanstalt	257	+4
Goesse	428	−2
Interunfall	590	+20
Laenderbank	254	+2
Perlmooser	395	−7
Steyr-Daimler	165	−3
Veitscher Mag	397	+8

BELGIUM/LUXEMBOURG

Apr. 3	Price Frs.	+ or −
B.B.L.	1,930	......
Banq. Int. A. Lux.	6,150	......
Bekaert B	5,930	......
Ciment CBR	2,550	......
Cockerill	263	+1
Delhaize	7,360	+290
EBES	3,110	+35
Electrobel	8,610	−40
Fabrique Nat	2,050	+10
GB Inno BM	3,100	......
GBL (Brux)	2,010	+30
Gevaert	4,000	+10
Hoboken	5,800	+120
Intercom	2,280	+40
Kredietbank	8,300	+50
Pan Hldgs.	11,900	+900
Petrofina	6,830	+30
Royale Belge	11,500	+300
Soc. Gen. Banq.	3,395	+45
Soc. Gen. Belge	2,020	+20
Sofina	7,510	+10
Solvay	4,390	−30
Stanwick Intl.	1,640	−10
Tractionel	4,125	−15
UCB	6,300	+50
Wagon Lits	2,640	......

DENMARK

Apr. 3	Price Knr %	+ or −
Andelsbanken	286	+10
Baltic Skand	525	+5
CopHandelsbank	300	+16
D. Sukkerfab	555	......
Danske Bank	291	+16
De Danske Luft	1,200	......
East Asiatic	164	+7
Forenede Brygg.	885	......
Forenede Damp.	119	......
GNT Hldg	439	+6
I.S.S.B.	475	+40
Jyske Bank	625	+50
Novo Ind	1,600	+10
Privatbanken	265	+15
Provinsbanken	353	+14
Smidth (F)	245	+5
Sophus Berend	1,055	+30
Superfos	480	+1

FRANCE

Apr. 3	Price Frs.	+ or −
Emprunt 4½% 1975	1701	−9
Emprunt 7% 1975	6420	+70
Accor	290	+2
Air Liquid	652	......
BIC	534	+5
Bongrain	1,905	+5
Bouygues	685	+30
BSN Gervais	2,400	+20
CIT-Alcatel	1,385	+5
Carrefour	2,140	+72
Club Mediter'n	1,200	+19
Cie Bancaire	630	+9
Cofimeg	280.1	......
Damart	2,260	+70
Darty	1,310	−20
Dumez S.A.	600	+6
Eaux (Cie Gen)	637	+5
Elf-Aquitane	250	+2
Essilor	2,930	−40
Gen. Occidentale	714	−3
Imetal	106.0	+1.2
Lafarge Coppee	492	+11
L'Oreal	2,505	+25
Legrand	2,100	+50
Maisons Phenix	237	−2
Matra S.A.	1,855	+15
Michelin B	970	+10
Midi (Cie)	2,224	+14
Moet-Hennessy	1,903	+11
Moulinex	109.8	+1.3
Nord Est.	88.0	−1.3
Perod Ricard	705	+10
Perrier	502	−4
Petroles Fra.	266	......
Peugeot S.A.	302.5	+7.5
Printempt.Aus	230	+3
Radiotech	286	−1
Redote	1,300	+1
Rousel-Uclaf	1,710	+10
Sefimeg	335	......
SkisRossgnol	1,880	−20
Telemech Elect	2,605	+25
Thomson CSF	56.5	+9
Valeo	?	+2

GERMANY

Apr. 3	Price Dm.	+ or −
AEG-Telef	109.1	−1.3
Allianz Vers	1052xr	+9
BASF	204	+0.1
Bayer	211.2	−0.3
Bayer-Hypo	334.5	−1
Bayer-Verein	328	......
BHF-Bank	266.5	+3
BMW	372	−1
Brown Boveri	214.7	−3.1
Commerzbank	183	−1
Cont'l. Gummi	139.1	+1.9
Daimler-Benz	662.5	−1.9
Degussa	360	......
D'sche Babcock	163.5	−1.5
Deutsche Bank	439.8	+0.3
Dresdner Bank	190xr	+1
GHH	158	+0.2
Hochtief	476	+1
Hoechst	206.2	−0.3
Hoesch Werke	112.5	+4
Holzmann (P)	399	+1
Horten	169	−1.5
Hussel	294.5	......
Karstadt	212	......
Kaufhof	227	+2
KHD	248.5xr	−0.9
Kloeckner	72.5	+1.5
Linde	412.5	+1.5
Lufthansa	194	+2
MAN	154.1	+0.1
Mannesmann	165.4	+1.4
Mercedes Hld.	580.5	−3
Metallgesel	253	−1
Muench Rueck.	1150	......
Nixdorf	561	+2
Porsche	1218xd	−2
Preussag	270	−3
Rhein West Elect	165	......
Rosenthal	243	+3
Schering	450.7	+0.7
Siemens	537.0xd	+0.5
Thyssen	101.4	+1.3
Varta	182	−3
Veba	178.3	−0.2
V.E.W.	126	+1
Verein-West	316	......
Volkswagen	202.2	−0.9

ITALY

Apr. 2	Price Lira	+ or −
Banco Com'le	16,500	−101
Bastogi-IRBS	217.5	+5
B.I-invest	3,400	−50
Centrale	3,381	−124
Credito Varesino	5,955	−56
Fiat	2,750	−102
Finsider	52.7	−0.8
Generali Assicur.	40,600	−1480
Italcementi	79,400	−100
La Rinascenti	646	−6
Montedisin	1,492	−23
Olivetti	6,100	−80
Pirelli Co	4,175	−60
Perelli Spa	2,110	−71
Snia BPD	2,694	−76
Toro Assic.	13,900	−210
do Pref	10,000	−300

NETHERLANDS

Apr. 3	Price Fls	+ or −
ACF Holding	197	−5.2
AEGON	185	+2.5
Ahold	211.5	−0.2
AKZO	108.6	−0.4
ABN	398.5	−5.5
AMEV	215	−0.5
AMRO	73.6	−0.3
Bredero Cert	152.5	−2.5
Bos Kalis Westm.	19.1	−0.3
Buehrmonn-Tet.	90	−1
Calland Hldgs.	33.7	+0.1
Dordtsche Pet'm	179.5	......
Elsevier-NDU	112.5	−1.5
Fokker	100	......
Gist Broades	181.5	−0.5
Heineken	156.8	−0.7
Hoogovens	57.2	−2.2
Int Mueller	50	−0.1
KLM	57.9	−0.1
Naarden	47.9	+0.6
Nat Ned Cert	69	......
Ned M'd Bank	169	−3
Nedlloyd	183.5	−0.5
Occ Grinten	314	+1.5
Ommeren (Van)	30.2	−0.8
Pakhoed	67	−4.2
Philips	57.7	−0.2
Robeco	71.8	−0.3
Rodamco	138.2	−0.1
Rolince	66.9	−0.6
Rorento	44.1	−0.2
Royal Dutch	201.5	+0.4
Unilever	341.7	−1.8
VMF Stork	152	......
VNU	206.3	−0.7
West Utr Bank	104.1	+1.9

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. $ Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

NORWAY

Apr. 3	Price Kroner	+ or −
Bergens Bank	142	−0.5
Borregaard	368	+6
Christiania Bank	141.5	−1.5
DenNorske Cred	146	+1
Elkem	140	......
Kvaerner	176	+3
Norsk Data	395	−2.5
Norsk Hydro	108	+2.5
Storebrand	235.5	−2

SPAIN

Apr. 3	Price Pta%	+ or −
Bco Bilbao	337	......
Bco Central	316	+1
Bco Exterior	205	......
Bco Hispano	158	......
Bco Popular	377	......
Bco Santander	361	......
Dragados	175	......
Hidrola	84.7	−0.3
Iberduero	95.5	−1.2
Petroleos	150	......
Telefonica	128	......

SWEDEN

Apr. 3	Price Kronor	+ or −
AGA	389	......
Alfa-Laval	195	+4
ASEA (Free)	300	−3
Astra (Free)	375	+5
Atlas Copco	106	+2
Cardo (Free)	251	−1
Cellulosa	118	+2
Electrolux B	312	+1
Ericsson	290	−6
Esselte	345	+5
Mo och Domsjo	240	+12
Pharmacia	205	......
Saab Scania Free	430	......
Sandvik	385	......
Skandia	322	+1
Skan Enski'da	48	+1.5
SKF	206	+1
St Kopparbergs	131	+3
Sven Handlesbn.	160	−1
Swelvosh Match	217	......
Volvo B (Free)	276	−1

SWITZERLAND

Apr. 3	Price Frs.	+ or −
Alusuisse	855	+4
Bank Leu	3,570	+10
Brown Boveri	1,620	−10
Ciba Geigy	2,840	......
do. (Part Certs)	2,290	−40
Credit Suisse	2,405	......
Elektrowatt	2,865	+35
Fisher (Geo.)	730	......
Hoff-Roche PtCts	86,875	−125
Hoff-Roche 1/10	8,725	......
Jacobs Suchard	6,375	+25
Jelmoli	1,970	+60
Landis & Gyr	1,685	+10
Nestle	6,340	......
Oer-Buehrle	1,495	−5
Pirelli	286	+2
Sandoz (Br)	7,700	+200
Sandoz (PtCts)	1,295	−25
Schindler (Pt Cts)	785	+5
Sika	1,130	......
Surveillance	4,150	−30
Swissair	1,090	−5
Swiss Bank	373	......
Swiss Reinsce	10,100	+100
Swiss Volksbk.	1,405	−10
Union Bank	3,655	......
Winterthur	5,790	+10
Zurich Ins.	21,000	......

AUSTRALIA

Apr. 3	Price Aust $	+ or −
ANZ Group	4.58	+0.06
Alliance Oil Dev.	1.07	−0.01
Ampol Pet	1.87	−0.01
Ashton	0.99	+0.05
Aust. Cons. Ind	2.12	+0.04
Aust. Guarantee	2.52	+0.02
Aust. Nat. Inds	3.00	+0.04
Aust. Paper	2.63	+0.07
Bell Group	6.8	+0.1
Bell Res.	6.6	+0.1
Bond Corp Hldgs	1.45	−0.02
Boral	3.25	......
Bougainville	2.40	+0.14
Brambles Inds	3.85	−0.05
Bridge Oil	2.35	−0.02
B.H. Prop.	6.04	+0.1
CRA	6.16	+0.14
CSR	2.97	+0.07
Castlemaine Tys.	4.82	......
Coles (C.J.)	3.75	+0.02
Comalco "A"	2.8	+0.02
Consolidated Pet	0.48	......
Costain Aust.	1.60	......
Dunlop Olympic	2.22	+0.02
Elders IXL	3.19	−0.01
Energ Res.	1.43	+0.01

AUSTRALIA (continued)

Apr. 3	Price Aust. $	+ or −
Gen. Prop. Trust	2.16	......
Hardie (James)	3.10	+0.02
Hartogen Energy	2.4	+0.05
Herald W'y Times	4.15	+0.03
ICI Aust.	1.92	+0.02
Jimberlana F.P.	0.33	−0.02
Kia Ora Gold	0.17	+0.01
Lend Lease	6.2	+0.3
MIM	3.4	+0.18
Mayne Nickless	5.23	−0.02
Myer Emporium	1.8	......
Nat. Aust. Bank	3.45	+0.02
News	13.8	−0.1
Nicholas Kiwi	1.98	+0.02
North Bkn Hill	2.5	+0.08
Oakbridge	0.8	......
Pancont'l	1.52	+0.05
Pioneer Conc.	1.65	−0.01
Poseidon	3.85	+0.1
Queensland Coal	1.46	......
Reckitt & Coln.	3.35	......
Repco	1.26	......
Santos	6.20	+0.12
Smith (Howard)	4.2	+0.1
Thos. Natwide	1.82	+0.03
Tooth	5.8	......
Vamgas	4.15	+0.15
Western Mining	4.08	+0.07
Westpac Bank	3.49	+0.01
Woodside Petrol	1.06	+0.02
Woolworths	3.12	−0.02
Wormald Intl.	3.67	+0.02

HONG KONG

Apr. 3	Price H.K.$	+ or −
Bank East Asia	22.2	+0.2
Cheung Kong	14.8	+0.1
China Light	15.3	+0.3
Evergo	1.18	−0.02
Hang Seng Bank	48.75	+0.5
HK Electric	7.7	+0.1
HK Kowloon Wh.	6.05	+0.15
HK Land	5.15	+0.05
HK Shanghai BK.	8.95	+0.2
HK Telephone	72	+1
Hutchinson Wpa	22.3	+0.3
Jardine Math.	10.2	+0.2
New World Dev.	6.6	+0.15
Orient O'seas	2.22	−0.03
Oseas Trust Bk.	2.9	+0.05
SHK Props	9.7	+0.1
Shell Elect.	1.52	......
Swire Pac A	24.0	+0.2
TV—B	6.35	+0.25
Wheel'k Mard A.	7.3	+0.05
Wheel'k M'time	1.10	......
World Int. Hldns.	1.94	+0.14

JAPAN

Apr. 3	Price Yen	+ or −
Ajinomoto	1140	+10
Alps Electric	1,920	+50
Amada	1,080	−10
Asahi Chem	860	+4
Asahi Glass	902	+7
Bridgestone	540	−1
Canon	1,330	+10
Casio Comp.	1,680	−20
Chugai Pharm.	1,110	......
Citizen	545	+3
Daiei	613	+2
Dai Nippon Ptg	1,020	−20
Daiwa House	569	+13
Ebara	489	+16
Eisai	1,790	+20
Fanuc	9220xr	+120
Fuji Bank	1,560	−30
Fuji Film	1,710	−10
Fujisawa	1,100	−20
Fujitsu	1,160	+10
Green Cross	3,710	+150
Hasegawa	379	−1
Heiwa Real Est.	908	+6
Hitachi	845	−2
Hitachi Credit	1,090	+10
Honda	1,370	−30
House Food	686	......
Hoya	2,240	+10
Itoh (C)	348	−5
Ito. Yokado	2,680	+20
Iwatsu	1,000	−40
JACCS	325	......
JAL	6,550	+180
Jusco	722	+2
Kajima	289	−1
Kao Soap	810	+12
Kashiyama	600	......
Kirin	635	+6
Kokuyo	890	......
Komatsu	462	......
Konishiroku	670	−5
Kubota	334	−1
Kumagai	585	−3
Kyoto Ceramic	5,690	+100
Maeda Const.	490	+8
Makino Milling	1,250	−30
Makita	1,030	−10
Marubeni	306	−5
Marudai	555	+10
Marui	1,010	+15
MEI	1,510	−20
M'ta Elec Works	750	......
M'bishi Bank	1,570	......
M'bishi	537	+1
M'bishi Elect	401	......
M'bshi Estate	632	−4

JAPAN (continued)

Apr. 3	Price Yen	+ or −
MHI	273	+4
Mitsui	336	−4
Mitsui Estate	673xc	−5
Mitsukoshi	420	−5
NGK Insulators	910xc	+3
Nihon Cement	261	+11
Nippon Denso	1,380	......
Nippon Elect	1,100	+10
Nippon Express	370	+1
Nippon Gakki	1,870	......
Nippon Kokan	137	−1
Nippon Oil	845xc	−16
Nippon Seiko	670	−6
Nippon Shimpan	568	+5
Nippon Steel	156	−2
Nippon Suisan	372	+23
NTV	11200xc	......
Nippon Yusen	244xc	+2
Nissan Motor	658	−4
Nisshin Flour	530	+6
Nisshin Steel	174	−2
Nomura	1,840	......
Olympus	1,180	−20
Orient Leasing	3,040	−30
Pioneer	2,790	+120
Renown	629	−10
Ricoh	911	+21
Sankyo	1,300	+40
Sanyo Elect	461	−5
Sapporo	461	+20
Sekisui Prefab	672	−3
Seven-Eleven	9,050	+50
Sharp	999	+4
Shimadzu	700xc	+8
Shionogi	708xc	+5
Shiseido	1,100	+20
Sony	4,400	+30
Stanley	935	+10
S'tomo Bank	1,730	−10
S'tomo Elect	891	−9
S'tomo Marine	650	−9
S'tomo Metal	153	+2
Taihei Dengyo	485	−1
Taisei Corp.	210	+1
Taisho Pharm	1,250	+20
Takeda	870	−8
TDK	5,650	−20
Teijin	478	+7
Teikoku	641	−10
Tokyo Marine	884	−2
TBS	782	+1
Tokyo Elect Pwr	1,720	......
Tokyo Gas	178	+2
Tokyo Sanyo	699	−19
Tokyo Style	694	−1
Tokyu Corp	346	+6
Toppan Print	860	......
Toray	495	−5
Toshiba Elect	430	+1
TOTO	645	+8
Toyo Seikan	906	−5
Toyota Motor	1,270	+20
Victor	2,150	+30
Wacoal	705	−5
Yamaha	755	+9
Yamanouchi	4,100	+170
Yamazaki	635	+2
Yasuda Fire	494	+9
Yokogawa Bdge.	414	......

SINGAPORE

Apr. 3	Price $	+ or −
Boustead Hldgs.	1.73	+0.04
Cold Storage	2.69	+0.02
DBS	6.15	......
Genting	5.6	......
Haw Par. Bros.	2.27	......
Hong Leong Fin.	2.98	−0.01
Inchcape Bhd.	2.44	−0.01
Keppel Shipyard	1.72	+0.01
Malay Banking	6.00	......
Malay Utd. Ind.	2.44	+0.01
Multi Purpose	0.89	......
OCBC	9.05	−0.05
OUB	3.88	−0.02
Public Bank	1.57	......
Sime Darby	1.9	+0.01
Singapore Press	6.25	+0.1
Straits Trdg.	4.24	+0.02
Tat Lee Bk	2.76	......
UOB	4.34	......

SOUTH AFRICA

Apr. 3	Price Rand	+ or −
Abercom	1.45	......
AE&CI	7.4	......
Allied Tech	54.5	−1
Anglo Am Coal	39.5	+0.5
Anglo Am Corp	26	+0.5
Anglo Am Gold	174	+1
Barclays Bank	14.25	......
Barlow Rand	10.4	+0.05
Buffels	82.5	+1
CNA Gallo	2.4	......
Currie Finance	3.56	......
De Beers	10.15	+0.05
Driefontein	63.5	−0.75
FS Geduld	55	+0.05
Gold Fields SA	32.75	+0.5
Highveld Steel	3.85	......
Nedbank	9.4	−0.15
OK Bazaars	13.5	......
Protea Hldgs.	1.4	......
Rembrandt	32.5	+0.5
Rust Plat	18.05	+0.15
Safren	14.25	......
Sage Hldgs.	7.0	+0.1
SA Brews	6.7	+0.1
Smith (AG)	21.20	+0.2
Tongaat Hulet	6.15	......
Unisec	4.7	−0.1

CANADA

TORONTO

Prices at 1.30pm April 3

Sales	Stock	High	Low	Close	Chng
67433	Daon Dev	480	455	460	−5
50	Daon A	415	415	415	
5703	Denison A p	$11¾	11½	11¾	
6728	Denison B f	$11	10¾	11	
1800	Develcon	$7	7	7	
4630	Loblaw Co	$17¼	17	17¼	+¼
1000	MICC	225	225	225	+5
1950	Mclan H X	$25⅜	25⅛	25⅜	+⅜
7138	Merland E	440	430	430	−10
31950	Molson A f	$16⅜	16⅛	16⅛	−⅛
8375	Thom N A	$58¼	57½	57¾	−½
45748	Tor Dm Bk	$19¼	19	19⅛	+⅛
12300	Torstar B f	$19¼	19	19¼	−⅛
569	Traders A f	$23⅛	23⅛	23⅛	−¼
1450	Trns Mt	$7⅜	7⅛	7¼	

Total sales 6,244,685 shares

MONTREAL

Closing prices April 2

Total Sales 2,063,216 shares

OVER-THE-COUNTER

Nasdaq national market, 2pm prices

Continued on Page 48

AMERICAN STOCK EXCHANGE PRICES

Continued from Page 39

LONDON

Chief price changes
(in pence unless otherwise indicated)

RISES

Aber. Amer. Pet.	123	+10
Blockleys	570	+30
Chan Tun Invs.	173	+13
Consul C & F	62	+10
Cookson	640	+65
Eurotherm	363	+10
Foster Bros	218	+8
Grand Metr	285	+8
Grattan	178	+6
Home Charm	322	+8
Morrison	240	+24
Robinson	63	+11
Standard Char	475	+22
Tesco	253	+7
Valin Pollen	510	+35

FALLS

Amex	236	−12
Blue Circle	488	−29
British Aero	412	−18
Christie's	598	−10
Eastern Prod	365	−28
GRE	665	−28
ICI	701	−10
Lasmo	330	−18
Low & Bonar	383	−17
Pearson	708	−10
P & O Defd	338	−10
Racal Elect	196	−10
Sedgwick	368	−7
Sun Alliance	460	−20
Trust H F	134	−4

LONDON STOCK EXCHANGE

MARKET REPORT

Equity leaders slip in thin pre-Easter trade

Index at lowest since mid- January

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Mar 25	Apr 11	Apr 12	Apr 22
Apr 15	Apr 25	Apr 26	May 7
Apr 29	May 9	May 10	May 20

* "New-time" dealings may take place from 9.30 am two business days earlier.

Leading shares wilted yesterday as London stock markets began to wind down ahead of the long holiday closure. Equity dealers encountered a certain amount of tax-loss selling—any business connected with the current fiscal year must be completed by 3.30 pm today—and tried not to unbalance books by taking on surplus stock. The upshot was that the sales tended to weigh on markets and produce sharp fall in prices.

Many investors appeared to be pre-occupied with their Easter arrangements and were content to withhold funds until the interest rate structure becomes less confusing. Barclays and Midland Bank both reduced their base lending rates but only by ½ per centage point to 13½, against the 13 per cent of both NatWest and Lloyds.

Further details of the sale of H.M. Government's remaining 48.43 per cent, nearly 97m shares, of British Aerospace re-directed attention to the still increasing demands being made on market resources. The issue could account for some £400m to £500m. Ahead of the BAe news, LASMO made a call for £67.3m cash via a rights issue.

International stocks slipped following a firmer opening in sterling and failed to revive when the exchange rate subsequently came back. During the afternoon many blue chips tried to steady but they eased again late and the FT Ordinary share index closed 12.9 down at 956.5—its lowest level since January 14. Constituent Blue Circle dropped 29 to 488p after adverse views on the group's proposed acquisition of Atlantic Cement of America.

Gilt-edged securities went into hibernation. Neither the fluctuations in the exchange rate nor the base rate moves brought any significant response and quotations closed with small mixed changes. The shorts were generally a fraction harder, while some ultra-long stocks were slightly easier. Index-linked issues steadied after Tuesday's weakness.

All three equity newcomers fell foul of general market conditions. Blagden Industries particurarly disappointed, resuming at 110p and falling to 100p before recovering late to 115p compared with the striking price of 130p for the tender offer. Sintrom settled at 175p, the level of the striking price, but Shorrock closed at 92p compared with the offer price of 100p.

GRE disappoints

GRE fell 28 to 665p, after 663p, on acute disappointment with the near-25 per cent contraction in annual earnings to £92.2m; the market had been hoping for pre-tax profits of nearer £110m. Sun Alliance, however, came up with better-than-expected preliminary results and profits more than £10m above estimates at £47.6m, but the shares failed to benefit and drifted lower to finish 20 down at 460p. Other Composites gave ground with Royals closing 10 lower at 583p and General Accident 9 off at 593p. Among Lloyds Brokers, Sedgwick lost 7 to 368p, after 365p, following comment on the proposed merger with Transamerica's subsidiary, Fred S. James. Stewart Wrightson gave up 7 more for a two-day decline of 20 to 592p in the wake of the placing by Mercury Securities of its 29.3 per cent stake in the company. C. E. Heath declined 8 to 620p and Willis Faber 10 to 670p.

Comment on the board's decision not to subscribe to its South African subsidiary's rights issue helped Standard. Chartered jump 22 to 475p. The major clearing banks fell away with Barclays closing 9 down at 365p and the new nil-paid 10 lower at 210p premium. NatWest cheapened 15 to 610p.

The Building sector was highlighted by the sharp reaction in Blue Circle. Movements elsewhere were usually in response to company news with Amec falling 12 to 236p on disappointing preliminary figures. Good annual results left Blockleys 30 higher at 570p.

ICI, partly reflecting currency influences, drifted off to close 10 lower at 761p, while Horace Cory, a recent speculative favourite, ran back 4 to 48p.

Leading Retailers generally displayed modest falls. Recent speculative high-flier Debenhams eased a couple of pence to 222p, after 220p. Sears shed 1½ to 84p following news that the agreed bid for Foster Brothers Clothing, 8 up at 218p, fater 220p, was not to be referred to the Monopolies Commission. Home Charm continued to attract support and advanced 8 more to 322p—the shares have risen 44 since the preliminary figures were announced on March 26. Mail-orders continued to recover with Empire, 104p, and Freemans, 206p, up 4 apiece. Grattan rose 6 to 178p following a broker's launch. Initially firm at 205p, W. H. Smith met selling and closed a net 6 off at 198p, while Bentalls, buoyant earlier this week following favourable comment, reacted 5 to 80p.

Racal dull

A bout of end-year tax-loss selling prompted dullness in leading Electricals. Racal, 10 down at 196p, led the retreat, while GEC fell 4 to 178p as did Plessey to 190p. Cable and Wireless, however, firmed 10 more to 525p on further consideration of the possible fibre optic cable telecommunication deal with China. Still reflecting bullish reports emanating from a broker's lunch with the company, Eurotherm added 10 afresh to 363p, after 370p. Thermal Scientific put on 8 to 253p and United Scientific gained 7 to 185p, but AB Electronics gave up 5 to 435p despite the bumper half-year profits. Energy Services lost 4 to 89p awaiting further developments in the bid situation.

Falls in the Engineering leaders were limited to a few pence. Among secondary issues, movements were also generally against holders, but satisfactory preliminary figures left Weir Group 2 firmer at 57p, after 60p. A flurry of speculative activity prompted a gain of 11 to 63p in Thomas Robinson, but the increased dividend and annual profits failed to inspire Glynwed, which settled a penny cheaper at 204p, after 207p. The agreed revised offer from Williams Holdings left J. and H. B. Jackson unaltered at 120p, after 125p.

William Morrison Supermarkets stood out in Foods, rising 24 to a peak of 240p in response to the bumper results and proposed 100 per cent scrip-issue. Other Food Retailers moved higer in sympathy, notably Hillards, up 10 at 334p. Tesco continued to attract buyers and closed 7 higher at 253p, while Fitch Lovell hardened 2 more to 208p on continuing take-over speculation. Elsewhere, Bassett Foods met with late support and finished 8 to the good at 175p, but Glass Glover came on offer at 263p, down 4 with the new nil-paid shares losing 7 at 21p premium. The leaders drifted lower in line with the general trend.

In Hotels, Grand Metropolitan advanced 8 to 285p, but Trust House Forte remained friendless at 134p, down 4.

Leading miscellaneous industrials drifted lower wtih some international stocks unsettled by currency influences. BTR fell 10 to 680p and Glaxo eased ⅛ to £10⅜. Falls of around 5 were recorded in BOC, 276p and Hanson Trust, 203p. Elsewhere Cookson featured with a rise of 65 to 640p in response to bumper annual results and proposed one-for-one scrip issue. Comment on the preliminary figures lifted Pritchard Services 3 more to 97p and Evered 6 further to 206p. British Aerospace, in contrast, fell 18 to 412p following further details of the Government's sale of its remaining shareholding and of the proposed rights issue. Profit-taking after the annual results left Pearson 10 lower at 708p and Christies International a like amount down at 598p. Consultants, on the other hand, advanced 10 to 62p, the poor preliminary figures being outweighed by the company's encouraging statement on outlook. Low and Bonar encountered fresh selling and dipped 17 to 383p along with TSL Thermal Syndicate, which gave up 7 at 268p. Acquisition news plus the preliminary figures left I. and J. Hyman 3 cheaper at 33½p, but the Government guidelines for a Channel link enlivened interest in Channel Tunnel, which improved 13 further to 173p.

In a quiet Leisure sector, Nationwide closed a fraction off at 23p following acquisition news and a proposed £1m rights issue.

Manor National Motors eased a fraction to 10p following the revised offer from C. D. Bramall, unchanged at 140p. Elsewhere in Distributors, BSG International dipped 2½ to 22½p in belated reaction to the full-year figures.

Advertising agencies and related issues highlighted Valin Pollen which continued to benefit from the acquisition of Netherlands-based Thomas and Kleyn and advanced 35 for a three-day leap at 70 at 510p.

In an otherwise quietly dull Property sector, GRA edged forward a penny to 60p, after 62p, following news of the Harringay Stadium property deal with J. Sainsbury.

The announcement, widely anticipated, of P&O's stake of over 8 per cent in Ocean Transport saw the latter advance to a new 1984-85 high of 195p before settling a net penny lower at 190p. P&O, which described the purchase as a "trade investment," dipped 10 to 338p.

Allied Textile, up sharply on Tuesday following the unwelcome bid from London and Midland Industrials, closed 13 lower at 505p ex-the scrip issue; LMI eased 3 to 186p. Hugh Mackay, in which Allied holds a near-19 per cent stake, rose 4 for a two-day advance of 10 to 96p. Buyers also displayed occasional interest in John Crowther, 6 up at 62p, while news of increased annual profits and dividend lifted Albert Martin 4 to 63p.

LASMO weak

The cash call by LASMO cast a shadow across leading oils which posted widespread falls. LASMO opened 18 lower at 330p and held that level throughout the rest of the session.

Among other oils BP slipped to 541p before settling a net 5 easier at 545p. Reports that the near-5 per cent stake in Tricentrol held by jobbers Akroyd and Smithers has been sold to clients of brokers James Capel failed to inspire Tricentrol which held relatively steady at 235p. Britoil dipped a few pence to 218p despite news of a 3,000 barrels a day oil flow from North Sea well 15/28B-4.

Among the secondary oils, Aberdeen American Petroleum continued to improve and rose a further 10 to a peak 128p.

Golds gain ground

A firmer trend in the bullion price in overnight American markets boosted gold during London dealings and encouraged a good rally in South African Gold shares.

The continuing erratic performance of the dollar remained the prime factor in the bullion market and the latter settled a fraction higher on the day at $319.25 an ounce.

Gold shares remained highly sensitive to the trends in gold and foreign exchange markets. Firmer at the outset, reflecting overnight American buying, share prices edged higher in initial dealings before easing a shade on profit-taking and currency considerations. However, at the close most issues were left with good gains on balance and the Gold Mines index posted an 8.2 rise at 514.4.

Financials failed to arouse much enthusiasm. Consolidated Gold Fields edged up 4 to 532p but Rio Tinto-Zinc dipped 3 more to 640p—a three-day decline of 20—ahead of the full-year results expected on April 17. Charter gave up a couple of pence to 193p.

Australian dollar volatility inhibited activity in "down-under" issues but the sector provided a firm feature in Metramar which jumped 7 to 58p amid takeover speculation. The recent upturn in copper prices boosted Bougainville 7 to 132p and MIM Holdings 3 to 181p while golds showed Sons of Gwalia 3 firmer at 86p.

Demand for Traded Options continued to expand, albeit in a modest manner. Total contracts transacted amounted to 5,736—4,099 calls and 1,637 puts. Commercial Union were again active with 954 calls struck, 303 in the April 220's, while GEC recorded 665 calls and 245 puts. The short Gilt contract was again lively with 83 calls and 251 puts done.

FINANCIAL TIMES STOCK INDICES

	Apr. 3	Apr. 2	Apr. 1	Mar. 29	Mar. 28	Mar. 27	year ago
Government Secs.	80.85	80.87	80.95	81.21	81.10	81.06	82.60
Fixed Interest	84.45	85.46	85.49	85.53	85.57	84.66	86.52
Ordinary	956.5	969.4	965.6	964.3	979.1	979.3	857.8
Gold Mines	514.4	506.2	507.5	515.2	506.3	502.1	645.9
Ord. Div. Yield	4.74	4.68	4.70	4.71	4.64	4.64	4.45
Earnings, Yld.% (full)	11.89	11.72	11.71	11.70	11.55	11.52	10.02
P/E Ratio (net) (*)	10.25	10.39	10.41	10.43	10.56	10.59	12.00
Total bargains (Est.)	26,906	23,412	29,777	25,513	26,687	26,966	31,140
Equity turnover £m.	—	426.65	880.67	335.41	456.00	369.39	363.71
Equity bargains	—	26,969	25,461	22,597	23,527	24,002	25,639
Shares traded (ml)	—	194.7	158.4	187.6	237.7	191.2	160.3

10 am 964.9. 11 am 961.6. Noon 960.3. 1 pm 959.4. 2 pm 959.4. 3 pm 958.7.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ordinary 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest Index 01-246 8026.

*Nil=9.94.

HIGHS AND LOWS

—	1984/85 High	1984/85 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	83.77 (9/1/84)	74.72 (30/7/84)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	87.48 (14/3/84)	80.43 (30/7/84)	150.4 (28/11/47)	50.53 (3/1/75)
Ordinary	1024.5 (22/1/85)	755.3 (25/7/84)	1024.5 (22/1/85)	49.4 (26/6/40)
Gold Mines	711.7 (9/3/84)	439.6 (25/1/85)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. ACTIVITY INDICES

	Apr. 2	Apr. 1
Daily Gilt Edged Bargains	146.6	155.7
Equities Bargains	174.7	165.0
Equities Value	862.4	567.3
5day Average Gilt Edged Bargains	156.7	157.1
Equities Bargains	158.8	158.5
Equities Value	755.2	721.3

OPTIONS

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Apr 1	Apr 19	July 11	July 22
Apr 22	May 3	July 25	Aug 5
May 7	May 17	Aug 8	Aug 19

For rate indications see end of Share Information Service

Stocks favoured for the call included Security Centres, SCUSA, Debenhams, Platignum, Eglinton Oil and Gas, Chloride, Atlantic Resources, Freshbake Foods, Readicut, Pentos, Falcon Resources, Carless Capel and Leonard, GRA, Bolton Textile, United Scientific, Hong Kong and Shainghai Banking, Barratt Developments, New London Oil, Commercial Union and Bristol Oil and Minerals. A put was struck in GRA, while a double was arranged in Stockley.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	29	16	62
Corpns. Dom. and Foreign Bonds	7	11	56
Industrials	171	445	827
Financial and Prop.	43	205	297
Oils	16	44	64
Plantations	0	3	14
Mines	66	33	80
Others	26	122	70
Totals	358	879	1,470

NEW HIGHS AND LOWS FOR 1984/5

NEW HIGHS (45)

BRITISH FUNDS (2)
Excher. 2½pc 1987 Treas. 3pc 1985
BUILDINGS (3)
Access Satellite Lafarge Coppee
Bett Bros.
CHEMICALS (2)
Allda Hldgs. Wolstenholme Rink
STORES (6)
Beattie (J.) A Home Charm
Bremner 7pc Cnv. Ln '97-04
Ellis & Goldstein Time Prods.
ELECTRICALS (4)
Dowding & Mills Scholes (G. H.)
Eurotherm Intl. Thermal Scientific
ENGINEERING (5)
Johnson Firth Brown Weir
Robinson (Thos.) Do. 10pc Cnv. Pf.
United Spring
FOODS (3)
Morrison (Wm.) Tesco 9pc Cnv. Ln. 2002-07
Tesco
INDUSTRIALS (5)
Appledore (A. & P.) Evered
CVD Inc. Newman Inds. 10pc Cum. Cnv. Pf.
Cookson
INSURANCE (1)
Lond. Manch. Group
LEISURE (1)
First Leisure
PAPER (2)
Peters (Michael) Valin Pollen Intl.
PROPERTY (2)
Peel Hldgs. Towngrade Secs.
SHIPPING (1)
Ocean Transport
TEXTILES (3)
Crowther (J.) Martin (A.)
Mackay (Hugh)
TRUSTS (3)
Ch. Islands Cap. Intl. Inv. Tst. Jersey
Lowland Invs.
OILS (1)
Aberden Amer. Pet.
MINES (1)
Cons. Modderfontein

NEW LOWS (30)

AMERICANS (1)
Imatron
BANKS (3)
ANZ Westpac
Nat. Australia Bank
STORES (1)
Ladies Pride
ELECTRICALS (5)
Air Call HB Electronic Comps.
Bush Radio Security Centres
Crystalate
ENGINEERING (1)
Farmer (S. W.)
INDUSTRIALS (3)
Fobel Intl. Tinsley (Eliza)
Holden Hydroman
LEISURE (2)
Radio Clyde Spectrum
NEWSPAPERS (1)
Portsmouth Sund'land
PAPER (1)
Addison Page
TRUSTS (2)
Newmarket Utd. Computer Tech.
OILS (6)
Bridge Oil Intl. Petroleum
Bristol Oil & Mins. Meridian Oil
Carless Capel Ranger Oil
OVERSEAS TRADERS (1)
Gill & Duffus
MINES (3)
Pan Pacific Pet. Tanjong Tin
Gopeng Berhad

RECENT ISSUES

EQUITIES

FIXED INTEREST STOCKS

RIGHTS OFFERS

yield. u Forecast dividend cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1985. H Dividend and yield based on prospectus or other official estimates for 1984. Q Gross. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ■ Allotment letters or fully-paid. ‖‖ Introduction. ✠ Unlisted Securities Market. § Placing price. T Figures assumed. †† Official London Listing. ‡‡ Dealt in under Rule 535(3). † Comprising 100 Prf. and one Ptg. share. Φ Figures or report awaited. ‡‡ Units comprising 5 Ord., 1 Warrant and £2.50 nominal of conv. stock.

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
Blagden Inds New	115	—
Blue Circle	488	−29
British Aerospace	412	−18
Cnsltnts Comp & Fin	62	+10
Cookson	640	+65
General Accident	593	− 9
GRE	665	−28
Jackson (J. & H. B.)	120	—
Low & Bonar	383	−17
Ocean Transport	190	− 1
Sedgwick	368	− 7
Sun Alliance	460	−20

ACTIVE STOCKS TUESDAY'S

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of changes	Tues. close	Day's change
Cable & Wire	20	515	+13
Sedgwick	19	375	− 9
BP	18	550	+13
Comm Union	17	213	+ 8
Carpets Int'l.	15	59	+ 8
Falcon Res	15	450	−14
Pritchard Serv	15	94	+ 6
Stwrt Wrghtsn	15	599	−13
Brit Aerospace	14	430	+ 7
Birmid Qualcat	13	87½	+ 2½
Glaxo	13	£10⅞	—
BAT Inds	12	335	+ 5
ICI	12	771	+13
Racal Elects	12	206	− 4

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS — Wed April 3 1985

FIXED INTEREST

EUROPEAN OPTIONS EXCHANGE

LONDON TRADED OPTIONS

Option		Calls Apr.	Calls Jly.	Calls Oct.	Puts Apr.	Puts Jly.	Puts Oct.
B.P. (*543)	460	88	103	115	1½	4	8
	500	50	67	80	4	7	18
	550	13	30	47	20	27	35
	600	4	16	28	60	65	70
Cons. Gold (*532)	460	77	90	100	1½		
	500	40	52	67	9		
	550	8	30	38	27		

Option		Calls May	Calls Aug.	Calls Nov.	Puts May	Puts Aug.	Puts Nov.
Imperial Gp. (*182)	160	29	34	—	3	4	—
	180	15	19	24	7½	12	16
	200	9	13	17	21	28	34
	220	3	7	11	41	46	48

Apr. 3. Total contracts 5,736. Calls 4,099. Puts 1,637.
* Underlying security price.

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1984-85 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
98½	93	Treas 3pc 1985	98	+⅛	3.04	13.11
102⅛	99	Treas 11½pc 1985	99	.....	11.56	13.20
99¾	96	Treas 8¾pcCnv '85	98	-	8.90	12.83
104	99	Exch. 12¼pc 1985	99	.....	12.26	12.24
103	99	Exch. 11¾pc '86	99	.....	11.76	11.76
102	96	Treas. 10pcCnv 1986	98⅛	.....	10.17	11.75
94	88¾	Treas 3pc 1986	93	.....	3.21	9.27
102	96¼	Exch. 10½pc Cv '86	98⅝	.....	10.65	11.83
104	99	Treas 12pc 1986	100	+	11.99	11.88
98⅛	93½	Treas 8¼pc 1984-86‡‡	96	+	8.83	11.69
108	102	Exch. 14pc 1986	103	+	13.59	11.88
89⅛	85	Exch. 2½pc 1986	89	+	2.80	9.72
107	100	Exch. 13¼pc 1987	102	+	12.95	11.74
100⅞	94½	Treas 10¼pcCv '87	97	.....	10.52	11.79
87	83⅛	Exch 2½pc 1987	87	+	2.89	9.69
101	94½	Exch. 10½pc 1987	97	.....	10.72	11.68
92⅛	87	Funding 6½pc '85-87‡‡	91	-	7.12	11.34
99⅝	92⅞	Treas. 10pc 1987	96⅝	+	10.35	11.76
86⅛	81	Treas 3pc 1987	86	.....	3.48	9.91
105	97⅛	Treas. 12pc 1987	100	+	11.92	11.69
96⅝	87	Treas 7¾pc 1985-88‡‡	92	+⅛	8.42	11.12
100⅛	92	Exch 10½pc '88	97	+	10.79	11.58
98	89	Treas 9¾pc Cv '88	94⅞	.....	10.28	11.70
83½	77	Transport 3pc '78-88	82⅞	.....	3.62	9.23
96	88	Treas. 9½pc '88	93⅝	+	10.15	11.75
106⅛	94	Treas 11½pc 1989	99	+	11.55	11.63
96	87	Treas 9½pc Cnv. '89	93	+	10.20	11.67
99⅝	90	Treas 10½pc 1989	96	+⅛	10.94	11.71
100	88⅝	Exch 10pc 1989	94⅛	+	10.61	11.72
101	94⅛	Exch 11pc 1989	97½	+	11.28	11.72
85⅛	77½	Treas 5pc 1986-89	82	+⅛	6.10	10.04
114⅛	100⅛	Treas 13pc 1990‡‡	105	+	12.34	11.50
97	96	Exch 11pc 1990‡‡e	97½	+⅛	11.28	11.67
110⅞	100⅛	Exch. 12½pc 1990	103	+	12.08	11.56

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

Index-Linked

[illegible]

INT. BANK AND O'SEAS GOVT STERLING ISSUES

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

Building Societies

[illegible]

Public Board and Ind.

[illegible]

Financial

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

AMERICANS—Cont.

[illegible]

CANADIANS

[illegible]

BANKS, HP & LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BEERS, WINES—Cont.

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY & STORES—Cont.

[illegible]

ELECTRICALS

[illegible]

ENGINEERING

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

HOTELS—Continued

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

1984-85 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
77	37	Marshall's Universal	67	-1	2.0	♦	4.4	♦
89	73	Do. 7½pcCnRedPf £1	83	....	7½%	—	13.2	—
30	20	Martin-Black	22xd	....	—	—	—	—
£108	£81	Mathesons 7¼%	£85	....	Q7¼%	2.3	9.3	—
435	287	Metal Box £1	390	....	†15.0	3.2	5.5	6.3
220	129	Metal Closures	156	....	6.7	♦	6.3	♦
27	9	‡Metal Sciences 2½p	11	....	—	—	—	—
133	73	‡Midland Marts	85	....	4.0	1.8	6.7	10.8
*83½	44	Mitchell Cotts	68½xd	+½	†4.0	1.5	8.3	9.8
*220	127	Morgan Crucible	205xd	....	8.0	♦	5.7	♦
*36	22	‡Morris (W) F.A. 20p	30	....	g0.5	♦	2.4	♦
110	80	Moss (Robt.) 10p	96	-2	♦†2.5	2.3	3.7	13.9
74½	54	Myson Grp 10p	73	....	1.25	♦	2.4	♦
330	197	‡NMW Computers	310	-1	6.0	3.0	2.8	17.3
65	34	Nash Inds.	34	-1	2.5	1.5	10.5	7.8
48	30	Neil & Spencer 10p	34	....	♦—	—	—	10.2
33	13	Newman Industries	30	....	—	—	—	♦
34½	16½	Do. 10pc Cm.Cnv.Pf	34½	+2½	10%	—	4.1	—
67	39	Nolton	55	....	g1.1	4.5	2.9	9.2
183	132	Norcros	158	-2	†8.6	2.4	8.2	7.9
86	53	Nu-Swift 5p	58	....	†2.4	3.2	5.9	7.6
100	50	Oakwood Grp.	90	....	d4.5	1.4	7.1	(13.2)
190	135	Office & Elect	165	....	7.5	4.2	6.5	7.6
108	85	Oldacre 20p	83	....	u4.0	2.6	6.7	7.5
925	625	Oriflame Intl SA	875xd	....	46.81	♦	7.6	♦
218	190	‡Osborne & Little 5p	213	+6	bg2.0	3.2	1.3	33.8
46	15	Overstone 12½pc	17	....	†Q4.5c	2.2	‡	3.9
£175	£120	Oxrald 9pc Cnv 87-92	£172	....	Q9%	—	†5.3	—
190	105	‡PCT Grp 10p	185	+7	g4.8	2.9	3.6	11.3
£14	975	PLM 'B' Sk 25	£11½xd	-1⅝	Q21.6%	♦	4.6	♦
193	149	PSM Intl	178	....	bg5.25	2.6	4.2	13.0
62	40	‡Pacific Sales 10p	55xd	....	b2.4	2.2	6.2	(8.3)
207	148	Parker Knoll 'A'	181xd	....	9.0	2.8	7.1	7.1
375	197	Pauls	362	....	♦F13.0	2.5	5.1	15.9
718	403	Pearson	708	-10	17.0	q2.9	3.5	12.1
35	18	Peek Holdings	26	-1	—	—	—	—
107	88	Peerless	90	....	6.3	1.4	10.0	9.1
545	55	Pentland 10p	522	-3	†h1.74	4.1	0.5	55.5
46	17	Pentos 10p	44	....	0.35	♦	1.1	♦
63	27	Phillips Patents	46	-1	1.25	—	3.9	—
£11¼	545	Photo-Me 50p	£11¼	....	9.45	6.6	1.1	—
*350	215	Pilkington Br. £1	275	-5	§12.5	2.9	6.5	6.0
£315	£131	Pitney-Bowes Cnv. Ln.	£261	....	Q5½%	—	2.2	—
64	32	Plastic Const. 10p	63	....	d2.67	1.4	6.0	(14.6)
12	6	Platignum 5p	10½	....	B—	—	—	—
147	105	‡Platon Int.	133	....	bg1.64	4.7	1.8	13.7
*341½	156½	Polly Peck Intl 10p	235	....	3.5	10.0	2.1	4.9
£112	£108	Do. 9pc Cv Ln '03-08	£112	....	Q9%	—	†8.5	—
19	6½	Polymark 10p	9	....	—	—	—	—
89	20	Do. CmPfA £1	40	....	10%	—	35.7	—
615	470	Portals	555	....	18.5	♦	4.4	♦
298	178	Powell Duffl. 50p	265xd	....	h14.0	1.5	7.5	16.2
131	36	Prestwich	115xd	....	0.7	7.8	0.9	15.3
134	84	Pritchard Svs.	97	+3	3.8	♦	5.7	♦
40	24	‡Protimeter 5p	37	....	†0.7	3.9	2.7	(13.4)
108	83½	RFD Group 10p	97	....	†3.39	2.2	5.0	11.9
95	57	Radiant Metal	88	....	1.5	2.0	2.4	29.2
118	68	‡Ramco Oil 10p	75	....	u0.7	5.3	1.3	—
372	182	Rank Org	340	-5	12.0	1.4	5.0	(17.3)
578	348	Reckitt & Colman	543	-7	14.3	q2.4	3.8	12.7
112	44	Redfearn Glass	74	....	0.1	—	0.2	—
140	63	Reed Exec 10p	129	-1	g1.28	5.0	1.4	15.0
600	374	Reed Intl. £1	552	-2	†16.5	3.1	4.3	9.1
96	78	Relyon	86	....	4.45	♦	6.7	♦
235	188	Renown Inc Y50	204	-4	Q25%	♦	2.1	♦
145	92	Renwick Group	145	....	—	—	—	25.6
120	72	Restmor	120	....	h3.75	2.6	4.5	12.0
383	206	Reuters 'B' 10p	365xd	+1	2.5	q4.3	1.0	32.9
36	21½	Rexmore	22½	....	†1.46	2.3	9.3	(5.4)
118	78	Ricardo	103	....	2.5	3.0	3.5	13.5
112	55	‡Rivlin (ID&S) 5p	65	-2	0.1	—	0.2	—
252	215	Robertson Rsch 10p	245	....	dg3.0	3.1	1.7	24.1
13¼	7	Rock 10p	11¼	-½	—	—	—	—
55	20	Rockware	45	-1	—	—	—	♦
235	115	‡Rolfe & Nolan 10p	115	....	4.0	3.5	5.0	8.3
155	89	Ropner	155	....	†4.5	1.1	4.1	32.6
155	86	Do. 'A'	155	....	†4.5	1.1	4.1	32.6
14	4½	Rotaprint 5p	7	....	—	—	—	18.4
255	90	Do. 11½pcCvPf£1	113	....	B—	—	—	—
98	66	Russell (A.) 10p	97	....	1.11	5.2	1.6	14.2
*18	8	Ryan Int'l 5p	14½xr	....	—	—	—	15.2
60	35	S.I. Group 5p	48	....	1.6	2.7	5.7	9.2
608	26	Sale Tilney	608xd	....	14.0	2.8	3.3	12.9
94	56	Sandhurst Mkt. 10p	73	-4	†h0.86	4.1	1.7	18.3

For Sangers see Recent Equities

LEISURE—Continued

1984-85 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
162	98	Mngmt. Ag. M. 10p	162s	....	♦8.75	1.2	7.7	14.5
184	118	‡Media Tech Int 20p	162	....	ug2.58	3.9	2.3	16.0
200	76	Medminster 10p	188	....	†4.85	2.6	3.7	12.7
280	138	‡Mns World 10p	275xd	....	3.6	4.1	1.9	18.8
26	15	‡Nationwide Leis	23	-½	†3.75	♦	4.8	♦
46	9	‡Nimslo Int 20c	25	+1	—	—	—	—
31½	14½	‡Owners Abroad	20½	....	0.75	6.1	5.2	3.7
66	33	Photax (Lon.)	42	....	—	—	—	—
29½	20	‡Pr'dly Radio NV 5p	22½	-½	1.87	♦	11.9	♦
130	55	‡Pineapple Dnc St 10p	63	-2	d1.5	1.2	3.4	33.9
458	285	Pleasurama 5p	443	-7	g9.2	♦	3.0	♦
96	75	‡Pres Entertain 50p	95	-1	bg2.0	2.0	3.0	25.8
158	28	‡Radio City 'A' NV	30	+2	5.6	0.9	26.7	6.0
70	43	‡Radio Clyde N/V	43	-2	3.25	2.0	10.8	6.3
148	30	Riley Leisure 10p	49	....	†4.2	2.4	‡	4.0
193	94	Saga Hols. 20p	193	....	4.0	2.1	3.0	20.6
£10½	111	Samuelson Grp £1	960	....	†9.0	3.6	1.3	37.3
39	18	‡Sangers Photo 10p	36	....	†2.0	1.1	7.9	16.3
202	138	‡Scairo 50p	200	-2	bg3.68	2.2	2.6	24.3
190	98	Scott. TV 'A' 10p	140	-2	†8.1	2.9	8.3	6.5
508	186	SeaCo Inc $0.125	369	+8	—	—	—	—
35	9	‡SelecTV 10p	12	....	—	—	—	—
145	75	‡Spectrum 5p	75	-5	g2.0	4.8	3.8	7.9
37	24	TSW 5p	26	....	1.5	2.6	8.4	6.4
157	79	TVS N/Vtg 10p	120	....	6.0	2.2	6.0	9.1
235	102½	‡Television Svcs 50p	230	....	11.5	♦	0.9	♦
90	60	Tottenham Hotspur	76	-2	†d2.3	1.6	7.5	(18.5)
260	120	Trid'nt TV 'A' 10p	250	....	♦7.5	1.8	4.3	18.6
173	100	‡21st Century Dist	127½	....	—	—	—	—
197	135	‡Tyne Tees TV 'A' £1	140	-5	10.5	2.3	10.7	5.8
101	53½	Ulster TV N/V 'A'	85	....	4.75	♦	8.0	♦
28	17	Webb (Jos.) 5p	20½	....	d0.51	1.0	3.6	40.7
26½	20½	‡Williams (Rex) 5p	23½	....	b0.91	—	5.5	—
110	88	Zetters 5p	105	....	†3.25	3.0	4.4	10.7

MOTORS, AIRCRAFT TRADES

Motors and Cycles

1984-85 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
76	33	BL 50p	39	....	—	—	—	—
325	227	Gen. Mts. Units	325	....	Q12c	—	3.0	—
557	294	Honda Motor Y50	444	-12	Q23%	8.6	0.9	13.5
363	170	Jaguar	297	-5	g7.75	q3.9	3.8	9.2
120	54	Lotus Car 10p	98	....	—	—	—	(49.5)
53	20	‡Reliant Motor 10p	50	....	—	—	—	42.6
£29⅝	£16½	Volvo Kr25	£25	-⅛	Q21.2%	♦	2.0	♦

Commercial Vehicles

1984-85 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
45	30	ERF (Hldgs)	38	....	B—	—	—	5.6
130	70	Plaxtons (GB)	75	-2	4.5	2.1	8.6	7.9
42	22	York Trailer 10p	28	....	B—	—	—	4.5

Components

1984-85 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
164	66	AE	150	....	4.25	2.6	4.0	11.4
130	48	Abbey Panels	130	....	0.75	9.1	0.8	9.6
77	29	Aerospace Eng.	32	....	‡Q3.25	1.9	‡	4.7
30	20	Airflow Stream	28	....	1.0	5.0	5.1	5.3
38	23	Armst'ng Eq. 10p	37xd	-1	†0.6	5.5	2.3	8.2
81	38	Automotive Prods.	67	+1	1.5	♦	3.2	♦
*18½	11	Bluemel Bros.	11½	-½	—	—	—	—
218	122	Dowty 50p	210	-2	4.5	3.0	3.1	13.2
70	24	Dunlop 50p	66	+½	♦—	—	—	—
325	213	Flight Refuelling	315	+2	†2.5	4.0	1.1	26.5
*52	15	Hernan Smith 10p	22s	....	♦0.5	—	3.2	—
54	28	Kwik-Fit Hldgs. 10p	34	....	1.57	2.6	6.6	7.4
288	158	Lucas Inds. £1	267	-3	8.6	2.9	4.6	(8.2)
102	83	Soles A 50p	98	....	4.3	1.7	6.3	(11.5)
41	31	Supra Group 10p	37	-1	2.05	♦	8.1	♦
42	20	Woodhead (J.)	21	-2	0.1	30.6	0.7	4.9

Garages and Distributors

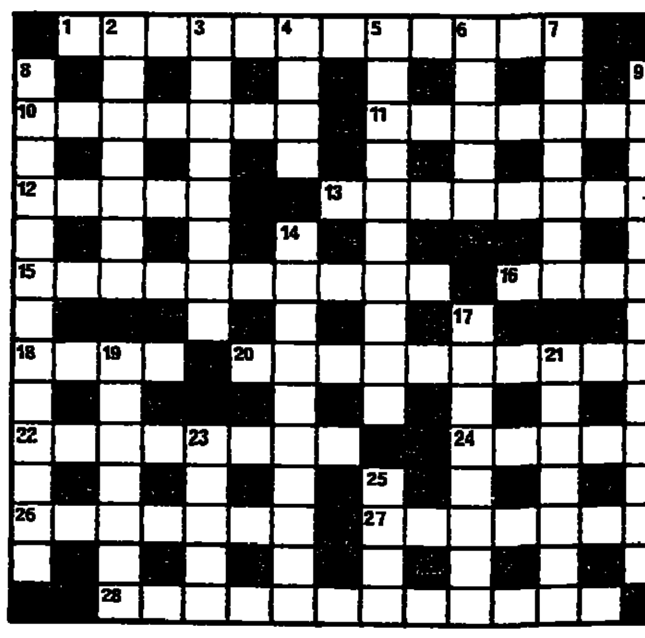
1984-85 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
240	116	Adams & Gibbon	234	-2	5.5	3.7	3.4	10.0
12	6½	Alexanders 10p	8¾	-¼	—	—	—	—
62	27	Appleyard Grp.	53xd	+1	3.0	♦	8.1	♦
172	135	Arlington Motor	170	....	8.5	3.5	7.1	4.3
25½	14½	BSG Int. 10p	22½	-2½	1.0	♦	6.5	♦
170	125	Bramall (C. D.)	140	....	d6.7	3.7	6.8	5.1
*134	80	Brit. Car Auct. 10p	87	-2	†2.9	2.2	4.8	12.3
140	116	Caffyns 50p	138	....	4.5	0.4	4.7	—
51	33½	Cowie (T.) 5p	48	....	g2.2	3.4	6.5	5.0
123	71	Davis Godfrey	117	+1	4.0	2.6	4.9	10.0
92	48	Gates (F.G.)	72	....	3.0	2.7	4.8	8.9
62	24	Glanfield Lawrence	48	....	♦1.0	3.2	3.0	14.7
99	54	Hartwells	95	....	†h3.33	3.0	5.0	8.8
205	108	Harst (Charles)	185	....	♦†d5.0	5.9	3.9	5.2
74	34	Jessups	70	....	3.0	3.1	6.1	5.9
146	81½	Kenning Motor	106	-3	6.5	1.6	8.8	(11.1)

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

INSURANCES

F.T. CROSSWORD PUZZLE No. 5,686



ACROSS

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DOWN

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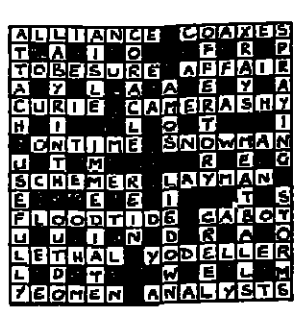
Solution to Puzzle No. 5,685



INSURANCE, OVERSEAS & MONEY FUNDS

Liberty Life Assurance Co Ltd
Station Rd, New Barnet 01-440 8210
Fund Managers, Touche Remnant & Co.

Sel Sec A.	27 4	28 9		—
Managed	20 6	21 7		—
Equity	16.6	17.5		—
Blue Chip	22.6	23.8		—
Special Sits	24 4	25.7		—
International	27.9	29.4		—
American	21.5	22.7		—
Pacific	21.4	22.4		—
Property	17.1	18 0		—
Fixed Yield	19.7	20.8		—
Index Linked Secs	11.2	11.8		—
Int Currency	13 4	14.2		—
Deposit	16.1	17 0		—

Life Assur. Co. of Pennsylvania
8, New Rd, Chatham, Kent. Medway 812348

LACOP Units	14.83	15.57		—

Lloyds Life Assurance
20, Clifton St, EC2A 4HX. 01-920 0202/0733 262924

Multi Grwth Mar 6		£315.369		—
Multi Grwth "A" Mar 6	282.9	297 8		—
Op 8 Prop Mar 14	264.9	278 9		—
Op 8 Equity April 3	392.7	413.4	+1.1	—
Op Hy March 28	270.9	285.2		—
Op 8 Man Mar 28	353 4	372.0		—
Op 8 Dep Apr 2	203.9	214.7		14.45
Op 8 Bond Mar 28	178.8	188.3		—
Op 8 Inc Dist Mar 28	145.1	152.8		8.29
Op 8 Int Man Mar 28	202.7	213.4		—
Op 8 US$ Mar 28	144.2	151.8		12.12
Pens 8 Pr Ac Mar 31	353.6	372.3		—
Pens 8 Eq Ac Mar 31	1,119.3	1,1178.3		—
Pens 8 FI Ac Mar 31	403.3	424.6		—
Pens 8 Md Acc Mar 31	636.9	670.5		—
Pens 8 Dp Acc Mar 31	329.7	347 1		—
Pens8Gart Gtdr Mar 31	111.5	117.4		—
Pens 8 Gart NA Mar 31	97.9	103.1		—
Pens8GartP Mar 31	120.0	126.4		—

For Pensions Capital Units please ring ext 2396 or 2361.

Britannia Funds—Series A

Am Smlr Co's	133.5	140.6	+2.0	—
Am Spec Sits	156.0	164.3	+3.0	—
Commodity	82.8	87.2		—
Extra Inc	115.9	122.1	+0.2	—
Far East	114.5	120.6	+2.4	—
Fi Secs	157.3	165.6	−2.3	—
Gold & Gen	81.2	85.5	−1.4	—
Inc Growth	163 4	172.1	−0.5	—
Intl Fund	122.9	129.4	+0.7	—

National Provident Institution
48, Gracechurch St, EC3P 3HH. 01-623 4200

Managed	202 7	213 4	−0 4	—
UK Equity	236.0	248 5	−0 8	—
Overseas Eq.	195.5	205.8	−2.0	—
American	199 5	210.0	−2.2	—
Far East	170.4	179 4	−1.4	—
Property	113.8	119.8		—
Fixed Int	163.0	171.6		—
Indexed Gilt	106.5	112.2		—
Deposit	115.7	121.8		—

Pension Fund Prices

Man Initial	204.2	215 0	−0.3	—
Man Acc.	229.0	241.1	−0.3	—
UK Eq. Initial	223.5	235.3	−0.8	—
UK Eq.	247 0	260 1	−0.9	—
Overseas Eq. Initial	219.1	230.7		—
Overseas Eq.	253.9	267.3		—
American Initial	222 9	234.7	−3 4	—
American	247 6	260.7	−3.8	—
Far East Initial	212.2	223.4	−2.4	—
Far East	236.3	248.8	−2.6	—
Prop. Initial	109.4	115.2		—
Prop.	121.5	127.9		—
Fixed Int. Initial	147.3	155.1		—
Fixed Int.	163.0	171 6		—
Indexed Gilt Initial	99 7	105.0		—
Indexed Gilt	110 7	116.6		—
Deposit Initial	114 7	120 8		—
Deposit	127.9	134.7	+0.1	—

NPI Pensions Management Ltd.

Managed Fund	560.4	574.8		—

Prices March 1. Next dealing April 1

New Zealand Insurance PLC
110/114, Baxter Avenue, Southend. (0702) 344555

Kiwi Key (Managed)	375.3	386.9		—
UK Equity	174.8	184.0	+0.5	—
American	262.0	275.8	+3.6	—
Pacific	375.9	395.7	+3.7	—
Property	154 4	162 6		—
Gilt	177.2	186.5	+0.1	—
High Inc. Equity	166 0	174 7	+0.1	—
High Inc. Fxd. Int.	107.5	113.2	+0.5	—
Deposit	151.5	159.5		—
Index-Linked Gilt	104 7	110.2	+0.4	—

Norwich Union Insurance Group
PO Box 4, Norwich NR1 3NG. 0603 622200

NUIG (Managed Funds) Ltd.

OFFSHORE AND OVERSEAS

World Wide Growth Management
10a, Boulevard Royal, Luxembourg

Worldwide Gth Fd	$11 98		+0.06	—

Inv. Adv.: M & G. Inv. Mngt., Ltd., London.

Wren Commodity Management Ltd.
10, St George's St, Douglas IoM. 0624 25015

Wren Com. Fund	12.8	13.4		0.00
Chinese Fund	58.2	60.6		0.00
Precious Metal Fund	67.3	70.1		0.00
Vanguard Cmdy. Fd.	19.3	19.8		0 00
Financial Futures Fd.	32.1	33.5		—

Yamaichi Dynamic Mngt Co SA
10A Boulevard Royal, Luxembourg

Dynamic Grth Fd		$8.62	−0.07	—

Money Market Trust Funds

The Money Market Trust
63 Qn Victoria St, EC4N 4ST. 01-236 0952

	Nom	CAR	Int Cr	Notice
Call Fnd	13.24	13.79	6-mth	Call
7-day Fnd	14 48	15 14	6-mth	7-day

Oppenheimer Money Management Ltd
66 Cannon St, EC4N 6AE 01-236 1425

	Nom	CAR	Int Cr	Notice
Call Fnd	13 40	13 85	6-mth	Call
7-day Fund	14 01	14.50	6-mth	7-day
Dollar	7 62	7 76	6-mth	2-day
Money Mngt. Acct.	13 25	14 50	3-mth	Call

Money Market Bank Accounts

Aitken Hume
30 City Road, EC1Y 2AY. 01-638 6070

	Nom	CAR	Int Cr	Notice
Treasury Acc	13 50	14.20	Qtrl	Call
High Int. Chq.	13.25	14 09	Mthly	Call

Bank of Scotland
38 Threadneedle St, EC2P 2EH. 01-628 8060

	Nom	CAR	Int Cr	Notice
Cheque Acc.	12.80	13 58	Mthl	Call

Barclays Prime Account
PO Box 125, Northampton 0604 252891

	Nom	CAR	Int Cr	Notice
High Int Cheque	13.50	14 19	Qtrl	Call

Britannia Grp of Investment Companies
29 Finsbury Circus, EC2M 5QL 01-558 2777

	Nom	CAR	Int Cr	Notice
Cater Allen	13.00	13 80	Mthl	Call

Charterhouse Japhet plc

COMMODITIES AND AGRICULTURE

Malaysia torpedoes talks on rubber pact renewal

BY WONG SULONG IN KUALA LUMPUR

THE International Natural Rubber Organisation council meeting ended yesterday with unexpected failure to agree on the two issues discussed—extending the rubber agreement and appointing a new buffer stock manager.

Before the meeting, the 32 producer and consumer members broadly agreed that the rubber pact should be extended another two years, but this has been deferred after a last minute change of heart by Malaysia, the biggest producer.

The reason for Malaysia's move is unclear, but it is thought Malaysia would like to defer taking a decision until the next INRO council meeting in June. This would provide an opportunity to review the initial outcome of talks on the second International Natural Rubber Agreement due to begin in Geneva later this month.

Malaysia will be pushing hard for a revision in the price range in the next rubber agreement. A two-year extension of the present agreement would mean that the price range would remain virtually stagnant for seven years.

Malaysia is a high cost producer and feels that it is unfair for producers to accept the present price range for another two years when Western economies are recovering.

Producer members also rejected the two U.S. buffer-stock manager candidates, Mr Robert Sanders and Mr John Stenger, to succeed Mr Harvey Adams from July.

This is the second time Mr Sanders has been rebuffed, having lost out to Mr Adams in the previous selection. He is INRO's representative in New York.

Mr Stenger, a rubber dealer from New York, seems to have been rejected because of his age. He is 63 and INRO regulations stipulate 60 as the maximum age for its employees.

Producers have asked the U.S. for fresh nominations to be considered at the June meeting, but U.S. delegates said they felt Mr Sanders and Mr Stenger were the best candidates.

Surprise deal on tropical timber

BY JOHN EDWARDS, COMMODITIES EDITOR

AGAINST ALL odds, the International Tropical Timber Agreement, between leading producing and consuming countries has come into force.

Unctad (UN Conference on Trade and Development) said in Geneva, a last minute move by Egypt to join had "saved the day" and established the pact to operate from the deadline

A late flurry of applications to join by producing countries, including Brazil, Ivory Coast and the Philippines, last week number of ratifications required. However, the consuming countries were still short of the minimum number of votes needed until Egypt stepped in.

The first meeting of the Tropical Timber Council is expected to be held in Geneva during June, when among other matters the location for the headquarters of the organisation will be discussed.

Only a week ago it was almost certain that there would be insufficient support to allow the Tropical Timber Pact to go ahead by the March 31 deadline. Unctad is delighted by the sudden turnround, as the agreement is part of its integrated commodities programme that seeks to improve co-operation between developed countries and the Third World in international markets for raw materials.

Unlike traditional commodity pacts, such as coffee and tin, the tropical timber agreement has no economic provisions for stabilising prices. However, it is said to be the first pact between producing and consuming countries to combine trade and environmental policies.

All leading producers of tropical timber have agreed to join. On the consumer side Japan and the EEC are already in and Unctad is confident that both the U.S. and Soviet Union will soon follow.

Unctad says the success in finalising a tropical timber pact is well timed with 1985 designated by the Food and Agriculture Organisation as "the year of the forest" and with a big World Forestry Congress planned in Mexico City in July.

American heating oil stocks fall again

U.S. STOCKS of distillate oil dropped by 6m barrels last week, continuing the decline since mid-January, according to the American Petroleum Institute (API).

The stocks fell to 100.3m barrels, a level more than 11m barrels below the same week in 1984. At the same time, however, crude oil stocks rose to 337.3m barrels, 3m more than in the week ending March 22 and almost 6m more than at the end of March last year.

Petrol stocks rose slightly to 221m barrels, but they are running almost 24m barrels behind last year. Petrol stocks also fell—from 1.7m barrels in the previous week and 3.8m barrels down from 1984.

Meanwhile, the API has filed a statement with a House energy subcommittee warning that U.S. dependence on oil imports is now higher than before the Arab oil embargo. U.S. petroleum imports rose almost 8 per cent last year—the first increase in five years.

The statement identified three problem areas for U.S. oil producers — energy tax policy, restrictions on energy development on federal lands and continuing price controls on existing natural gas supplies,

Unexpected drop in EEC sugar exports

By Our Commodities Staff

AN EXCEPTIONALLY low sugar export authorisation at the EEC's weekly tender in Brussels yesterday took London traders by surprise. They had expected export licences on about 50,000 tonnes of white sugar, similar to recent tenders. But only 2,000 tonnes of whites exports were authorised, plus 575 tonnes of raws.

The low authorisation indicates that most bids for export subsidies were at higher levels than the Commission would allow. This suggests either that the Commission expects prices to rise or that traders expect them to fall.

The result was interpreted bullishly in London. Nearby futures values firmed by a dollar or so a tonne but were still down slightly on the day.

● THIS YEAR's lambing is likely to boost the Welsh sheep population to a record 9.5m, according to the Farmers Union of Wales.

About 4.75m lambs are likely to be born this spring to a Welsh flock which has been expanding in recent years at some 300,000 per year. In last year's agricultural census, it totalled just over 9m. Although the expansion is forecast to slow down, the FUW suggests that the opposite could be the case. This is because a new sheep fertility drug—Fecundin—developed in Australia and New Zealand, which claims to boost lambing percentages by 30 per cent, is due to be marketed in the UK soon. The drug increases the number of eggs released from the sheep's ovaries.

● A DAIRY FARMERS' guide to reducing costs by growing more of their own feed has been published by the Milk Marketing Board. "Alternative Forage Crops," by Mr Peter Jarvis, costs £1 and looks at all the advantages and pitfalls of forage cropping.

● THE NATIONAL Iron Ore Company in Liberia, one of the three major mines in the country, has been closed by the board of directors.

● CATCHES of Whiting off the west coast of Scotland must be cut by a third from Sunday because of recent heavy landings, the Ministry of Agriculture announced yesterday.

Bitter omens for Kiwi fruit boom

Farmers' viewpoint: By **John Cherrington** recently in Tauranga, New Zealand

THIRTY YEARS ago this pleasant township was a port and holiday resort in what was called the Bay of Plenty. Then what plenty there was came from rather second class land devoted to dairying and sheep farming, nothing like as fertile as the Waikato plain over the coastal ranges to the east.

These days Tauranga and associated townships are the centre of a development boom unprecedented in New Zealand, even in the mining days. The population has multiplied several times, the cars in the streets are the newest in a country where they never seem to wear right out, and there are more estate agents to the squre mile than I would have believed could possibly exist.

The cause of all this is a horticultural plant, Actinidia Chminensis, which used to be called the Chinese Gooseberry and has now been universally named the Kiwi fruit, a tribute to the New Zealanders, who have really put it on the map. At first sight it is not very attractive — a brown hard shelled fruit about the size of a large egg. Sliced, it forms an ideal component of a fruit salad, most decorative, and nutritionally it is claimed to be ideal for health. Tastewise I find it hard to enthuse, probably because I much prefer the piquancy of passion fruit for instance.

There had always been a s small fruit growing industry in the area, and in the mid-thirties a few acres of Kiwi fruit were grown. But even by the 1950s there were no more than 30 acres and it was not until a few trial shipments were made to Australia and London that production began in earnest.

The area around Tauranga seems particularly suited to the crop. There is adequate rainfall, a free draining soil, great summer heat and cool winters. One of the essentials is shelter and shelter trees, poplars and others grow at a prodigious rate.

Driving around the district it seems that thousands of acres are under development. In some cases the trees are young and it is possible to see the yearling Kiwi fruit vines already becoming established on trellises or pergolas. When they come into bearing after four or five years they need substantial protection from the wind.

A mature orchard seems almost claustrophobic to me. The fruit hang from a canopy of vines about six feet off the ground and little light filters through the leaves. If the shelter is adequate there is little air movement

It is not an easy crop either to grow or handle. During the growing season, November to May, it has to be sprayed up to 15 times against pests and fungus infections. During that period pruning is continuous to make sure the leaf cover is just right, but growers I talked to who had not been involved in horticulture before said they found it a most satisfying way of life.

For those who got on the band wagon early it has been profitable too. Exports, monitored by the Kiwi Fruit Authority, have flourished, particularly to West Germany and Japan which take about 30 per cent each. The UK so far has been a poor customer, taking just over 2 per cent, possibly because its arrival coincides with the summer fruit

But the real money has been made by those who sold land for orcharding or partly developed orchards to an increasing number of enthusiasts. They were helped by a tax concession which allowed the costs of development to be written off against other income. Syndicates were formed to capitalise on this, and as a result land prices rose enormously.

Hence the proliferation of estate agents. That concession has now been much reduced and interest rates have risen substantially. Development capital is essential, as it takes between six and eight years from the planting of the shelter to get a worthwhile crop. It can take up to 16 years at present prices to write off the cost of developing Kiwi fruit.

This has already led to several "mortgage sales" and land prices have fallen.

But there are greater forebodings in the statistics of plantings.

These show that production could rise from 62,000 tonnes in 1984 to 367,000 tonnes in 1992. In addition other countries are planting up fast and world production is rising.

What will this do to prices? The auguries are not good. The growers' price fell by 38 per cent between 1980 and 1984 and the real surge in output has yet to come. The gilt could be off this particular ginger bread and the Kiwi fruit become a commodity like bananas or oranges and not a special fruit.

U.S. in $7.05m sale of surplus butter to Egypt

BY NANCY DUNNE IN WASHINGTON

THE U.S. Department of Agriculture has sold Egypt another 6,000 tonnes of butter from its surplus stocks, brining the total of recent dairy sales to $54.85m.

The latest sale will earn the U.S. government $7.05m. Since December, 1984, the U.S. has sold Egypt 21,000 tonnes of butter, 15,000 tonnes of cheese and 5,000 tonnes of processed cheese.

The USDA's 15-month dairy surplus reduction programme ended last weekend and most dairy analysts say that it failed to dry up the vast U.S. milk surplus. Despite payments to farmers who cut back production, U.S. output fell only 3 per cent last year.

Farmers may now increase production to make up for the loss of the government money, but Mr John Block, the Secretary of Agriculture, is expected to drop immediately the regular dairy support price by 50 cents to $12.10 per 100 lbs to discourage further production, and he may also cut the support level again to $11.60 on July 1.

The dairy programme did produce some benefits. The fall in production in 1984 was the first in six years, and the government spent $1bn less in the first year of the programme buying up surplus milk. Most payments to farmers were financed through a milk surcharge of 50 cents per 100 lbs on all farm milk sales.

Mr Bloick is expected to seek further cuts in price supports in order to cut production, a move which would drive many dairy farmers out of business

British dairy farmers face threat of £6.5m EEC fine

BY OUR COMMODITIES STAFF

BRITAIN'S dairy farmers could face a £6.5m EEC fine in three months' ttime unless they cu output, according to the Milk Marketing Board.

That is the amount of "super-levy" the board estimates would be due under the Community dairy quota system imposed from last April if farmers continue to produce at the present level.

They have been producing milk in excess of the quota rate since mid-November but because production had been well below quota in the previous six months output in the year to March 31 is estimated to have been 1.7 per cent below the quota at 214m litres.

By the end of March production had come back into line with the quota but a further cut is required as Britain's output allocation in the second year of the quota system is reduced by 1 per cent.

Mr John Mackintosh, the board's divisional manager, milk production and statistics, said yesterday it was too early to say for certain that the super-levy charge will be as high as £6.5m "but we must make sure that producers are aware of the current situation."

The board's weekly estimates of production compared to quota will enable producers to keep in touch with developments, he says.

LONDON MARKETS

NEWS THAT U.S. aluminium producer, Reynolds Metals, was suspending production at its 40,000 tonnes a year reduction plant in Listerhill, Alabama, failed to bring any life to a lacklustre London Metal Exchange market yesterday. Aluminium futures closed only marginally higher, influenced by the weaker trend in the value of sterling in the afternoon.

Other metal prices showed little change on the day with traders reluctant to open new positions prior to the Easter holiday.

MAIN PRICE CHANGES

In tonnes unless otherwise stated

METALS	Apr. 3 1985	+ or —	Month ago
Aluminium	£1100	......	£1100
Free Mkt	$1125/1145	......	$1125/1140
Copper			
Cash h Grade	£1198	+5.5	£1283
3 mths	£1215.5	+6.0	£1299.75
Gold troy oz	$319.25	+0.125	$287.85
Lead Cash	£313.5	+1.5	£327.25
3 mths	£321.25	+1.15	£335.25
Nickel			
Free Mkt	240/276c	+1	255/285c
Palladium oz	$112.25	-0.75	$112.25
Platinum oz	$274.25	+2.75	$251
Quicksilver†	$285/295		$290/300
Silver troy oz	529.30p	-1.25	532.40p
3 mths	545.25p	-2.35	550.45p
Tin cash	£9742.5	-11.5	£10,227.5
3 mths	£9752.5	-1.5	£10,232.5
Tungsten	$77.70	+1	$76.65
Wolfram 22 04lb	$75/78		$74/77
Zinc	£801	-5	£828.5
3 mths	£733.5	-5.5	£808.5
Producers	$925		$900/940

OILS	Apr. 3 1985	+ or —	Month ago
Coconut (Phil)	$840v	+10	$830
Palm Malayan	$635y	......	$590
SEEDS			
Copra Phil	$500w	......	$510
Soyabean (U.S.)	251.40x	—	$241.3
GRAINS			
Barley Fut. Sep	£98.90	+0.40	£116.80
Maize	£151.5v	-0.5	£149.00
Wheat Fut. July	£124.00	+0.45	£117.85
No. 2 Hard Wint.	‡	—	‡
OTHERS			
Cocoa Ft. Jun	£1933.5	-19.0	£2087.5
Coffee Ft. July	£2207.5	+54.5	£2434.5
Cotton A Index	66.90c	-0.70	67.20c
Gas Oil April	$228	-1	$222.5
Rubber (kilo)	65p	-0.5	66p
Sugar (raw)	108w	-4.00	$115
Wooltops 64s	492pkilo	......	515pkilo

‡ Unquoted w April-May. x April. y May. v March-April. † Per 76-lb flask. c Cents a pound.

COPPER

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —†
High Grde	£	£	£	£
Cash	1184-5	+1	1196-7	+4
3 months	1203-.5	+4	1213.5-4	+5.5
Settlem't.	1185	+1	—	—
Cathodes.				
Cash	1187-9	+4.5	1197-9	+5.5
3 months	1205-6	+8	1215-6	+8
settlem't.	1189	+5	—	—

Amalgamated Metal Trading reported that in the morning cash higher grade traded at £1,186, 85, 84, three months £1,205, 04, 03, 02, 03, 04, 03.5, 03, 02.5, 03, 04, 03.5. Cathodes: Three months £1,204, 05. Kerb: Higher Grade: Three months £1,205, 06, 07, 06.5, 08, 07, 07.5. Afternoon: Higher Grade: Three months £1,207, 06, 08.5, 07, 08, 13, 14, 14.5, 14, 13.5, 14. Kerb: Higher Grade: Three months £1,215, 16, 17, 16.5, 17, 18, 17.5, 18. Turnover: 41,300 tonnes. U.S. Producers: 68.50-71.00 cents a pound.

TIN

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —†
High Grde	£	£	£	£
Cash	9740-1	—	9740-5	-11.5
3 months	9760-5	—	9770-5	+2
Settlem't.	9741	—	—	—
Standard.				
Cash	9740-1	—	9740-5	-11.5
3 months	9740-1	—	9750-5	-1.5
Settlem't.	9741	—	—	—
Straits. E.	$27.40	—	—	—

Tin — Morning: Standard Three months £9,710, 05, 10, 30, 35, 40. High Grade: Three months £9,735, 40. Kerb: Standard Three months £9,740. Afternoon. Standard: Three months £9,745, 50, 55, 50. High Grade, Cash £9,740, three months £9,770, 80, 75. Kerb: Standard: Three months £9,740. Turnover 1,620 tonnes.

LEAD

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Cash	311.5-2	-1.5	313-4	+1.5
3 months	319.5-20	-0.75	321-.5	+1.15
Settlem't	312.0	-0.5	—	—

Lead—Morning: Cash £311, 11.5, three months £320, 19.5, 19, 19.5. Kerb: Three months £320, 19, 18. Afternoon: Three months £318, 18.5, 19, 19.5, 21, 22, 21, 21.5, 21. Kerb: Three months £322, 23, 23.5. Turnover: 15,325 tonnes. U.S. Spot: 19-22 cents a pound.

ZINC

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Cash	797-803	-5	800-2	-3
3 months	730-1	-11	733-40	-5.5
Settlem't	803	-1	—	—

Zinc—High Grade Official/Unofficial prices: Cash am £797-£803, pm £800-£802. Three months am £755-£760, pm £763-£766. Settlement £803. Morning: Cash £815, 07, 05, 800, three months £743, 40, 48, 47, 36, 31, 30, 31. High Grade: Cash £815. Kerb: Three months £731, 29, 31, 32, 33, 33.5. Afternoon: Cash £802, three months £733, 32, 33. Kerb: Three months £734, 33, 34, 35, 34.5. Turnover: 22,950 tonnes. U.S. Prime Western: 45.50-45.75 cents a pound.

ALUMINIUM

Alumin'm	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Spot	898-9	-7.75	907-8	+0.5
3 months	926-.5	-7.5	935.5-6	+2.25

Aluminium—Morning: Three months £929, 28, 27, 26.5, 26. Kerb: Three months £928, 29, 29.5, 30, 31, 32, 31.5, 31. Afternoon: Three months £932, 31, 30, 37, 36.5, 38, 35.5. Kerb: Three months £934.5, 35, 35.5, 35. Turnover: 17,175 tonnes.

GOLD

Gold ended a quiet day on the London bullion market $⅛ higher at $319-319½. The metal opened at $321¼-321¾, slightly above the Hong Kong finish of $320¾-321¼, and was fixed at $321.10 in the morning and $321.25 in the afternoon. It touched a high of $321¾-322¼ and a low of $318¾-319¼, with prices drifting lower in the late afternoon as the dollar continued to recover from a weak start on the foreign exchanges.

GOLD BULLION (fine ounce) Apr. 3

Close	$319-319½	(£262-262½)
Opening	$321¼-321¾	(£262-262½)
M'n'g fix.	$321.10	(£261.269)
Aft'n'n fix.	$321.25	(£262.631)

GOLD AND PLATINUM COINS

Kr'g'r'nd.	$329-329½	(£270¾-271¼)
½ Krug.	$169¾-170¼	(£139¾-140)
¼ Krug.	$86½-87¼	(£71¼-71¾)
1/10 Krug.	$35½-36	(£29¼-29½)
Mapleleaf	$329¼-329¾	(£271-271½)
New Sov.	$76½-78	(£62-62½)
½ New Sov	$45-45½	(£37-37½)
Old Sov.	$75-76½	(£61½-63)
$20 Eagle	$440-480	(£363¼-395)
Noble Plat	$283½-287	(£232¾-235)

SILVER

Silver was fixed 1.25p an ounce lower for spot delivery in the London bullion market yesterday at 529.3p. U.S. cent equivalents of the fixing levels were: spot 649.7c, up 7.7c; three-month 663.15c, up 7.05c; six-month 679.15c, up 8.15c; and 12-month 713.8c, up 9.35c. The metal opened at 532½-535½p (653-656c) and closed at 529½-532½p (645-648c).

SILVER per troy oz	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	529.30p	-1.25	532.0p	+2.00
3 months	545.25p	-2.80	549.5p	+2.80
6 months	560.70p	-1.50	—	......
12 months	589.65p	-0.85	—	......

LME — Turnover: 48 (47) lots of 10,000 oz.

Morning: Large 1st ring three months 549. 2nd ring untraded. Afternoon: 1st ring large three months 549. 2nd ring untraded. Kerb: Untraded.

NICKEL

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Spot	4375-80	-34	4435-45	+10
3 months	4385-7	-44	4435-40	-5

Nickel — Morning: Three months £4,370, 80, 90, 87. Kerb: Three months £4,385, 90, 4,400, 10. Afternoon: Three months £4,410, 15, 30, 35. Kerb: Three months £4,430, 35. Turnover: 1,230 tonnes.

COCOA

COCOA	Yesterday's Close	+ or —	Business Done
	£ per tonne		
May	1954-1955	-32.0	1989-1955
July	1933-1934	-19.0	1965-1927
Sept.	1915-1919	-9.5	1935-1915
Dec.	1851-1852	-14.5	1875-1850
Mar.	1850-1851	-10.5	1868-1848
May	1850-1860	-6.0	1865-1860
July	1855-1870	+2.5	—

Sales: 3,971 (2,176) lots of 6 tonnes.

ICO indicator prices (U.S. cents per pound) for April 2. Comp daily 1979 133.69 (133.96); 15-day average 133.17 (133.11).

COFFEE

During a fairly active opening, prices traded £20-35 lower against a steadier pound, reports Drexel, Burnham, Lambert. Persistent commission house selling kept values under constant presure and despite a retracement in sterling prices closed on a weaker note around the daily lows.

COFFEE	Yesterd'ys Close	+ or —	Business Done
May	2168-70	-46.5	2196-68
July	2206-09	-54.5	2233-05
Sept.	2243-44	-52.0	2265-45
Nov.	2263-64	-54.5	2285-63
Jan	2251-55	-49.5	2260-54
March	2218-20	-38.0	2230-20
May	2200-15	-37.5	2219-10

POTATOES

An easier Dutch market, together with profit-taking selling triggered off substantial stops on London. The May position fell rapidly during afternoon trade, with one broker in particular selling heavily, causing May to loose all recent gains to close virtually £5.00 down on the day, reports Coley and Harper.

Month	Yesterday's close	Previous close	Business Done
	£ per tonne		
April	41.10	42.60	42.00-41.10
May	50.60	56.50	55.00-49.50
Nov	70.10	71.30	71.00-70.00
Feb	79.50	80.60	79.50-79.50
Apr	94.80	95.30	95.00-94.00

Sales: 907 (659) lots of 40 tonnes.

INDICES

FINANCIAL TIMES

Apr. 2	Apr. 1	M'th ago	Year ago
297.02	294.95	298.14	3030.9

(Base: July 1 1952 = 100)

REUTERS

Apr. 3	Apr. 2	M'th ago	Year ago
1936.3	1942.6	2024.8	2011.2

(Base: September 18 1931 = 100)

MOODY'S

Apr. 2	Apr. 1	M'th ago	Year ago
955.5	956.2	964.9	1,082.6

(Base: December 31 1931 = 100)

DOW JONES

Dow Jones	Apr. 2	Apr. 1	Month ago	Year ago
Spot	119.61	119.33	117.21	143.06
Fut.	124.06	122.98	120.12	145.61

(Base: December 31 1974 = 100)

GRAINS

Old crop markets began the day a little easier in quiet trading but wheat picked up on general physical demand and finished the day around the highs with barley fading on lack of interest. New crops improved throughout the day on speculative buying over EEC farm prices, reports Muirpace.

Mnth	WHEAT Yesterd'ys close	+ or —	BARLEY Yesterdy's close	+ or —
May	120.00	+0.45	115.80	-0.50
July	124.00	+0.45	—	
Sept.	99.15	+0.75	98.90	+0.40
Nov	102.40	+0.80	102.40	+0.45
Jan	106.05	+0.80	105.80	+0.65

Business done—Wheat: May 120.05-9.55, July 124.00-3.50, Sept 99.15-8.60, Nov 102.40-1.65, Jan 105.95 only. Sales: 9 lots of 100 tonnes. Barley: May 116.30-5.80, Sept 98.90-8.60. Sales: 62 lots of 100 tonnes.

LONDON GRAINS—Wheat: U.S. Dark northern spring No. 1 15 per cent, March 161, April/May 148.70, June 149.20, July 148.55, transhipment East Coast. U.S. No. 2 Soft red winter, May 152, June 135.75, July 136.75, Sept 137.75, transhipment East Coast. EC French, July 119, cif Inesout South/West Coast. English Feed fob, April 12.50, Sept 99, Oct/Dec 104.50, sellers East Coast. Maize: U.S. No. 3 Yellow/French, transhipment East Coast March/April 151.50. Barley: English Feed fob, April 120, seller East Coast. Rest unquoted.

HGCA—Locational ex-farm spot prices: Feed Wheat: S West 117.70; W Mids 15.20. Feed Barley: S West 115.10; W Mids 118.30; N West 112.90. The UK monetary co-efficient for the week beginning Monday April 8 will change to 0.990.

PIGMEAT

Meat B prices closed slightly easier in very light volume, reports CCST Commodities.

Month	Yesterdays close	Previous close	Business done
	p. per kilo (deadweight)		
June	105.70	106.00	105.60-105.50
Aug.	101.90	102.20	102.00-101.90
Oct	107.70	107.90	—
Nov	108.90	109.10	—
Feb	99.00	100.00	—
April	100.50	—	—

Sales: 29 (268) lots of 50 carcases, 3,250 kg.

COTTON

Spot and shipment sales in Liverpool amounted to 294 tonnes bringing the total for the week so far to 723 tonnes. Moderate trading developed with American, Middle Eastern and Russian growths in chief request.

OIL

April North Sea crudes are still very firm. Forward Brent weakened slightly in thin trading. In the petroleum products market gasoil was marginally weaker in both North West Europe ducts market gasoil was marginally and in the Mediterranean. An oversupply of material, particularly in the Mediterranean, has encouraged buyers to lower their bids. Heavy fuel firmed on demand into refiners and very low availabilities in North West Europe. Petroleum Argus, London.

SPOT PRICES

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)—April		
Arab Light	27.70-27.75	—
Arab Heavy	26.50-26.55	—
Dubai	27.00-27.10	—
Brent Blend	28.40-28.50	+0.125
W.T.I. (1pm est)	28.75-28.80*	+0.10
Forcados (Nigeria)	28.10-28.25	+0.05
Urals (cif NWE)	27.95-28.10	-0.05
PRODUCTS—North West Europe Prompt delivery cif ($ per tonne)		
Premium gasoline	279-282	+7
Gas Oil	235-237	-1
Heavy fuel oil	162-165	+2

* May

Petroleum Argus estimates

GAS OIL FUTURES

Month	Yest'day's Close	+ or —	Business Done
	$ U.S. per tonne		
April	231.25-32.00	-0.50	234.25-31.75
May	228.00-28.25	-1.00	231.25-28.25
June	224.50-25.00	+0.125	226.75-24.75
July	224.00-24.50	+0.125	225.00-24.00
Aug	225.00-27.00	-2.00	227.75-27.50
Sep	226.00-30.00	-2.00	228.50-28.50
Oct	227.00-33.00	-1.00	—

Turnover: 1,336 (1,030) lots of 100 tonnes.

SOYABEAN MEAL

The market opened £1.00-1.50 easier on stronger sterling, reports T. G. Roddick. Prices remained in narrow ranges throughout the day closing on the lows.

	Yesterday close	+ or —	Business Done
	£ per tonne		
April	157.0-148.0	-4.50	—
June	151.5-151.9	-2.05	153.5-151.7
August	151.0-151.5	-2.20	152.5-151.5
October	155.5-155.8	-1.60	156.4-155.0
Dec	140.6-141.0	-1.45	141.0-141.0
Feb	148.4-148.5	-1.20	147.9-147.0
Apr	148.0-148.8	-1.10	—

Sales: 532 (201) lots of 20 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar $108.00 (£89.00), down $4.00 (down £4.00) a tonne for April/May delivery. White sugar $131.00, down $2.00.

News that the EEC had only granted 2,000 tons of restitutions helped the market to consolidate after yesterday's sell off, reports C. Czarnikow.

No. 6 Con-tract	Yest'day's close	Previous close	Business done
	$ per tonne		
May	110.5-110.8	111.8-112.0	112.9-110.8
Aug	114.0-114.4	114.4-114.8	116.8-114.0
Oct	117.2-117.8	117.2-117.8	118.8-117.0
Dec	124.0-125.0	122.2-125.0	—
Mar	137.0-137.2	136.0-138.0	137.4-136.2
May	141.8-142.2	140.0-141.2	142.2-142.0
Aug	145.0-147.8	145.0-147.0	—

Sales: 1,272 (—) lots of 50 tonnes.

Tate & Lyle delivery price for granulated basis sugar was £184.50 (£199.50) a tonne for export.

International Sugar Agreement—(U.S. cents per pound fob and stowed Caribbean ports.) Prices for April 2: Daily price 3.65 (3.85); 15-day average 3.78 (3.79).

U.S. MARKETS

Heating oil retreated moderately on weather forecasts indicating return to warmer temperatures during the remainder of the week, reports Heinold Commodities. More spring-like temperatures in Europe put pressure on spot markets. Wheat was independently strong as commission house buying in the near-by futures forced short covering by local traders with nominal commercial buying helping to firm up the market further. Maize and soyabeans declined as the floor took its cue from the weak currencies. *Moderate* pressure across the board let prices slip slightly lower. Gold and silver attracted light support on bargain hunting buying as currencies showed a steadier tone late in the day. Copper remained firm on continued concern over the drawdown in exchange stocks. Sugar came under pressure from disappointment over the results of the Indian sugar buying tender.

● *Prices given are for Tuesday. Yesterday's prices were not available for this edition.*

NEW YORK

ALUMINIUM 40,000 lb, cents/lb

	Close	High	Low	Prev
April	49.60	—	—	49.35
May	50.00	50.00	49.60	49.75
June	50.40	—	—	50.15
July	50.85	50.85	50.45	50.60
Sept	51.65	—	—	51.40
Dec	52.90	52.70	52.70	52.65
Jan	53.30	—	—	53.05
March	54.10	—	—	53.85
May	54.90	—	—	54.65
July	55.70	—	—	55.45

COFFEE "C" 37,000 lb, cents/lb

	Close	High	Low	Prev
May	144.91	45.45	43.25	43.92
July	144.65	45.00	42.85	43.77
Sept	144.07	44.15	42.60	43.25
Dec	143.13	43.30	42.00	42.37
March	143.00	43.00	41.40	42.00
May	142.50	42.50	41.45	41.25
July	142.00	—	—	40.75

COPPER 25,000 lb, cents/lb

	Close	High	Low	Prev
April	64.30	62.90	62.90	63.00
May	64.70	64.75	63.15	63.40
June	65.05	—	—	63.70
July	65.35	65.50	63.75	64.00
Sept	65.80	65.75	64.20	64.40
Dec	66.45	66.40	64.85	65.00
Jan	66.65	—	—	65.20
March	67.05	67.00	65.50	65.60
May	67.55	—	—	66.10
July	68.05	66.80	66.40	66.60

GOLD 100 troy oz, $/troy oz

	Close	High	Low	Prev
April	322.0	323.0	317.8	318.4
May	323.9	324.2	318.5	320.4
June	326.2	327.3	321.0	322.7
August	330.7	332.0	326.4	327.2
Oct	335.7	335.7	332.5	332.2
Dec	341.0	342.0	336.5	337.5
Feb	346.7	344.0	342.5	343.2
April	352.4	353.0	348.5	348.9
June	358.5	355.4	355.4	355.0
August	364.7	361.0	361.0	361.2
Oct	371.2	—	—	367.7
Dec	378.1	—	—	374.6
Feb	384.9	—	—	381.4

ORANGE JUICE 15,000 lb, cents/lb

	Close	High	Low	Prev
May	157.70	59.60	57.30	60.35
Sept	159.10	60.60	59.00	61.30
Nov	158.10	60.00	58.40	60.55
Jan	157.25	—	—	60.25
March	157.50	—	—	60.50
May	157.50	—	—	60.50
July	157.50	—	—	60.50

PLATINUM 50 troy oz, $/troy oz

	Close	High	Low	Prev
April	276.7	275.5	266.5	265.9
May	—	—	—	251.4
June	—	—	—	—
July	280.2	281.0	271.0	271.1
Oct	286.2	286.0	279.5	277.3
Jan	292.5	290.0	285.5	283.6
April	299.5	—	—	290.7

SILVER 5,000 troy oz, cents/troy oz

	Close	High	Low	Prev
April	656.6	644.0	644.0	643.8
May	660.0	661.0	643.0	647.0
June	664.7	—	—	651.7
July	669.4	670.5	651.5	656.4
Sept	680.1	681.0	664.0	667.1
Dec	697.4	699.0	680.0	684.4
Jan	703.4	—	—	690.4
March	715.2	704.5	700.0	702.2
May	728.4	713.0	710.0	715.4
July	741.9	732.0	732.0	[illegible]

SUGAR WORLD "11" 112,000 lb, cents/lb

	Close	High	Low	Prev
May	3.78	4.02	3.77	4.00
July	3.90	4.15	3.89	4.14
Sept	4.03	4.22	4.02	4.22
Oct	4.14	4.35	4.13	4.34
Jan	4.60	4.75	4.60	4.78
March	5.07	5.21	4.06	5.20
May	5.29	5.42	5.28	5.42
July	5.53	—	—	5.62

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

	Close	High	Low	Prev
April	64.47	65.22	64.35	64.87
June	66.22	66.70	66.17	66.37
August	65.65	65.90	65.45	65.57
Oct	63.82	63.95	63.60	63.77
Dec	64.65	64.80	64.42	64.65
Feb	65.20	65.60	65.10	65.30
April	66.60	66.60	66.60	66.50

LIVE HOGS 30,000 lb, cents/lb

	Close	High	Low	Prev
April	42.87	43.75	42.70	43.95
June	48.25	48.85	47.92	59.02
July	50.07	50.75	48.85	50.75
August	50.32	50.92	49.85	50.97
Oct	46.85	47.25	46.30	47.40
Dec	48.15	48.32	47.65	48.57
Feb	49.10	49.30	48.75	49.45
April	46.50	46.90	46.25	47.00
June	48.40	48.75	48.20	48.90

MAIZE 5,000 bu min, cents/56lb-bushel

	Close	High	Low	Prev
May	283.0	283.0	281.4	283.4
July	282.6	283.2	282.2	283.2
Sept	274.0	274.4	273.4	274.4
Dec	268.6	269.0	267.4	269.2
March	277.0	277.4	276.4	277.2
May	283.4	283.4	282.4	284.0
July	285.6	286.0	285.0	286.0

PORK BELLIES 38,000 lb, cents/lb

	Close	High	Low	Prev
May	67.95	69.60	67.90	69.90
July	68.70	70.47	68.70	70.70
August	67.57	69.40	67.55	69.55
Feb	73.30	74.80	73.30	75.30
March	73.30	74.50	73.30	75.30
May	73.60	73.60	73.50	75.25
July	73.50	73.50	73.50	75.10

SOYABEANS 5,000 bu min, cents/60lb-bushel

	Close	High	Low	Prev
May	600.6	601.0	501.0	597.0
July	609.0	606.0	609.4	605.4
August	610.0	608.0	610.0	606.0
Sept	603.4	602.4	603.4	600.4
Nov	605.4	604.0	606.0	603.0
Jan	617.0	615.2	617.0	614.0
March	628.4	625.4	628.4	625.0
May	636.4	—	—	—
July	642.4	—	—	—

SOYABEAN MEAL 100 tons, $/ton

	Close	High	Low	Prev
May	135.1	135.8	134.7	136.2
July	141.0	141.9	140.8	142.2
August	144.0	144.5	143.9	145.2
Sept	146.6	148.0	146.6	147.8
Oct	150.0	150.5	149.3	151.0
Dec	154.7	155.0	154.2	156.0
Jan	156.5	158.0	156.5	158.0
March	162.5	162.5	162.0	163.0

SOYABEAN OIL 60,000 lb, cents/lb

	Close	High	Low	Prev
May	30.65	30.75	30.05	30.39
July	28.90	28.96	28.45	28.60
August	27.80	27.85	27.40	27.52
Sept	26.80	26.80	26.49	26.58
Oct	25.75	25.75	25.60	25.60
Dec	24.98	25.00	24.80	24.87
Jan	24.65	24.75	24.60	24.56
March	24.46	24.50	24.40	24.40
May	24.46	—	—	24.40

WHEAT 5,000 bu min, cents/60lb-bushel

	Close	High	Low	Prev
May	368.0	258.2	251.4	352.4
July	336.0	226.6	224.2	335.0
Sept	336.0	336.0	334.2	335.0
Dec	346.0	346.2	343.6	345.6
March	351.4	351.6	351.0	351.0
May	348.0	—	—	348.0

OTHER MARKETS

RUBBER

PHYSICALS—The London market opened easier, attracted very little interest throughout the day and closed quiet, reports Lewis and Peat. Closing prices (buyers) spot 65.00p (same). May 71.75p (72.25p), June 72.50p (73.00p). The Kuala Lumpur fob price for RSS No. 1 was 201.75 (201.0) cents a kg and for SMR 20 was 199.0 (199.0).

WOOL FUTURES

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kg. May 623.0, 628.0, nil; July 630.0, 632.0, 631.0-626.0; Oct 602.0, 605.0, 600.0-600.0; Dec 612.0, 615.0, 612.0-609.0; March 622.0, 624.0, 622.0-620.0; May 624.0, 625.0, 624.0-623.0; July 630.0, 635.0, nil; Oct 620.0, 630.0, nil. Sales: 64.

LONDON NEW ZEALAND CROSSBREDS—Close (in order: buyer, seller, business). New Zealand cents per kg. May 508, 510, 510-509; Aug 529, 532, 531-529; Oct 532, 534, 535-533; Dec 533, 535, 536-535; Jan 534, 538, 537-535; March 546, 550, 547; May 552, 556, nil; Aug 564, 571, 568-567; Oct 566, 573, nil. Sales: 61.

MEAT

SMITHFIELD MEAT — Pence per pound. Beef: Scotch killed sides 74.0 to 81.0; English hindquarters 94.0 to 98.0, forequarters 48.0 to 54.0. Veal: Dutch hinds and ends 12.0 to 126.0. Lamb: English small 92.0 to 98.0, medium 88.0 to 94.0, heavy 84.0 to 90.0; Scotch heavy 84.0 to 90.0. Imported: New Zealand PL (new season) 67.0 to 68.0, X P(new season) 65.0 to 68.0. Pork: English under 100lb 49.0 to 58.5, 100-120lb 52.0 to 55.0, 120-160lb 41.0 to 46.0.

MEAT COMMISSION—Average fatstock prices at representative markets: GB Cattle 94.71p per kg lw (+0.46); GB Sheep 205.77p per kg est dcw (+24.23); GB Pigs 77.11p per kg lw (-2.71).

HIDES

HIDES—Leeds (Birmingham). Second clears. Ox: 31-35kg 106.1p a kg (111.6p a kg withdrawn); 26-30.5 115.0p a kg (121.7p a kg withdrawn); 22-25.5 125.0p a kg (133.0p a kg withdrawn). Cows: 25.5kg 127.0p a kg (135.7p a kg withdrawn).

ROTTERDAM

Wheat—(U.S. $ per tonne). U.S. No. 2 Soft Red Winter: May 169, July 148, Aug 149, Sept 150. U.S. No. 2 Northern Spring, 14 per cent protein: April/May 168, June 167.50, July 166, Aug 166, Sept 165.50. U.S. Northern Spring, 15 per cent protein: April/May 179.50, Sept 177. U.S. No 3 Hard Amber Durum: April/May 179, June 179, July 178, Aug 177, Sept 172.50, Oct 176. Canadian No. 1 Western Amber Durum: April/May 187.50, May/June 187, Sept 185.

Soyameal—(U.S. $ per tonne). 44 per cent: Afloat 166, March 161, April 153, May 153, June 154, May/Sept 156. Pellets, Brazil: Afloat 180, April 159, May 156, June/July 155, May/Sept 156, sellers. Brazil: Afloat 170, April 156, May 152, June 153, May/Aug 154, sellers. Pellets, Argentina Afloat 180, April 157, May 152, June/July 151, May 152, June/July 151, May/Aug 152, May/Oct 153, sellers.

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar improves from low start

The dollar recovered most of its overnight losses in very quiet foreign exchange trading yesterday. It fell sharply in New York on Tuesday to DM 3.0955, and slipped further to DM 3.0750 in the Far East, but then began to recover as Europe opened. There were no new factors to influence the market, amid uncertainty about the present speed of U.S. economic growth, and the likely direction of interest rates.

Rumours about problems involving South American debt, and liquidity among U.S. banks in general, tends to suggest lower rates, but U.S. money supply is seen to be entering a period of increased growth, with M1 expected to rise by about $2.5bn this week, while the market also awaits the release of U.S. unemployment data on Good Friday.

From an early level of DM 3.0820 in Europe the dollar rose to a peak of DM 3.1325, before closing slightly off the day's high at DM 3.1225 compared with DM 3.1490 previously. It also fell to FFr 9.5350 from FFr 9.6075; SwFr 2.6465 from SwFr 2.66; and Y253.20 from Y254.10.

On Bank of England figures the dollar index fell to 147.4 from 148.0.

STERLING — Trading range against the dollar in 1985 is 1.2390 to 1.0525. March average 1.1260. Exchange rate index rose 0.2 at 77.1, but finished on the day's low. It opened at 77.3 and after rising to 77.5 at 9 am drifted lower for the rest of the day.

Sterling gained 60 points to $1.2130-1.2140. It touched a peak of $1.2320 in the morning, but then slipped back, as the dollar recovered, to finish nearer the day's low of $1.2085. The pound was little changed against other major currencies, showing no reaction to the cut of ¼ per cent to 13¼ per cent in Barclays and Midland Bank base rates. Expectations of a gradual decline in London interest rates and a seasonal weakening of the oil market had little impact, with sterling easing to DM 3.80 from DM 3.8050, but rising to FFr 11.5850 from FFr 11.58, and holding steady at SwFr 3.2050 and Y307.

D-MARK — Trading range against the dollar in 1985 is 3.4510 to 3.0825. March average 3.2972. Exchange rate index 121.4 against 121.8 six months ago.

The D-mark closed in the middle of its day's range against the dollar. The market was dull and featureless, with dealers finding little reason to buy or sell the U.S. currency. It fell to DM3.1165 from DM3.1510 at the Frankfurt close, after touching a low of DM3.0820 in early trading.

Sterling was strong, despite UK bank base rate cuts, closing in Frankfurt near the day's high at DM 3.82.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu April 3	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc ...	44.9008	44.9775	+0.17	+0.24	±1.5522
Danish Krone ...	8.14104	8.02588	−1.41	−1.34	±1.6419
German D-Mark	2.24184	2.23565	−0.28	−0.21	±1.1475
French Franc ...	6.87456	6.82457	−0.73	−0.66	±1.3659
Dutch Guilder...	2.52595	2.52275	−0.13	−0.06	±1.5171
Irish Punt	0.72569	0.714707	−1.51	−1.44	±1.6703
Italian Lira	1403.49	1425.84	+1.59	+1.59	±4.0410

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

STERLING EXCHANGE RATE INDEX

	April 3	Previous
8.30 am	77.3	77.0
9.00 am	77.5	76.8
10.00 am	77.4	76.9
11.00 am	77.4	77.0
Noon	77.3	76.9
1.00 pm	77.4	76.8
2.00 pm	77.2	76.9
3.00 pm	77.2	76.8
4.00 pm	77.1	76.9

£ in New York

	April 3	prev. close
£ Spot	$1.2155-1.2145	$1.2500-2320
1 month	0.50-0.48pm	0.50-0.49pm
3 months	1.25-1.20pm	1.20-1.18pm
12 months	1.80-1.70pm	1.72-1.65pm

Forward premiums and discounts apply to the U.S. dollar.

POUND SPOT—FORWARD AGAINST POUND

April 3	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.2085-1.2320	1.2130-1.2140	0.46-0.43c pm	4.40	1.25-1.20c pm	4.03
Canada	1.6600-1.6890	1.6630-1.6640	0.43-0.34c pm	2.77	1.22-1.08 pm	2.76
Nethlnd.	4.25¾-4.30½	4.26½-4.27½	2¼-1⅛c pm	5.32	6½-5¼ pm	5.85
Belgium	75.90-76.95	76.15-76.25	26-10c pm	2.83	63-43 pm	2.78
Denmark	13.56½-13.72¾	13.56½-13.57½	5-3⅛ore pm	4.03	13¾-11½ pm	3.63
Ireland	1.2121-1.2217	1.2173-1.2183	002-0.18c dis	−0.98	5 pm-14 dis	−1.47
W. Ger.	3.78¼-3.82	3.79½-3.80½	2⅞-1⅞pf pm	7.81	7¼-6⅞ pm	7.18
Portugal	208.53-214.90	208.63-212.52	160-540c pm	20.0	525-1520 pm	19.38
Spain	210.61-213.60	210.61-211.20	15 pm-5c dis	−0.28	5 pm-30 dis	−0.25
Italy	2408-2437	2414½-2415½	1 pm-6lire dis	−0.12	7-13 dis	−1.49
Norway	10.89½-11.04¼	10.89½-10.90½	¼ pm-¾ore dis	—	1¼-¼ pm	0.32
France	11.61¼-11.68	11.58-11.59	3¼-2c pm	2.71	6¼-5¼ pm	2.07
Sweden	10.94¾-11.04¾	10.98½-10.99½	⅛ pm-1ore dis	−0.34	⅛-1⅞ dis	−0.31
Japan	306-311¼	306½-307½	2¼-1⅞y pm	7.13	5½-4⅞ pm	6.41
Austria	26.60-26.90	26.63-26.73	15¾-13⅞gro pm	6.43	42-38¼ pm	5.88
Switz.	3.19¾-3.23¾	3.20-3.21	2¼-1⅛c pm	8.42	6½-5½ pm	6.24

Belgian rate is for convertible francs. Financial franc 76.48-76.60. Six-month forward dollar 1.75-1.70c pm. 12-month 1.95-1.80c pm.

DOLLAR SPOT—FORWARD AGAINST DOLLAR

April 3	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.2085-1.2320	1.2130-1.2140	0.46-0.43	4.40	1.25-1.20	4.03
Ireland†	0.9965-1.0090	1.0020-1.0030	0.50-0.40c pm	5.83	1.10-1.00 pm	4.18
Canada	1.3680-1.3743	1.3722-1.3732	0.17-0.20c dis	−1.61	18-20 dis	−1.19
Nethlnd.	3.4790-3.5360	3.5220-3.5230	0.55-0.52c pm	1.81	0.42-0.47dis	−1.29
Belgium	62.20-63.00	62.80-62.90	7.5-8.5c dis	−1.51	1.87-1.84 pm	2.10
Denmark	11.07-11.26	11.24¾-11.24¾	2⅛-2¾ore dis	−2.67	4½-5 dis	−1.69
W. Ger.	3.0820-3.1325	3.1220-3.1230	0.80-0.75pf pm	2.97	2.40-2.35 pm	3.04
Portugal	173-175	173½-174½	200-600c dis	−24.13	600-1400ds	−22.99
Spain	172.90-174.50	174.40-174.50	0.60-0.70c dis	−4.47	1.80-2.00dis	−4.35
Italy	1969-1996	1990¾-1991¼	10-10½lire dis	−6.17	28-29 dis	−6.53
Norway	8.94-8.99	8.94¼-8.94¾	3.0-3.50ore dis	−4.30	7.80-8.30dis	−3.56
France	9.4325-9.5650	9.5325-9.5375	1.47-1.57c dis	−1.91	4.40-4.70dis	−1.90
Sweden	8.96½-9.10	9.05⅛-9.05⅜	3¼-3¾ore dis	−4.63	9½-10 dis	−4.08
Japan	252.55-253.50	253.15-253.25	0.58-0.54y pm	2.65	1.75-1.70 pm	2.72
Austria	21.71-22.02	21.92-22.02	3.70-3.10gro pm	1.85	12.0-10.0 pm	2.00
Switz.	2.6130-2.6520	2.6460-2.6470	0.80-0.70c pm	3.40	2.32-2.26 pm	3.46

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 62.95-63.05.

OTHER CURRENCIES

Apr. 3	£	$		£ Note Rates
Argentina Peso..	426.48-427.15	349.10-349.40	Austria	26.55-26.85
Australia Dollar.	1.8410-1.8510	1.5082-1.5151	Belgium	76.30-77.00
Brazil Cruzeiro...	5,508-5,557	4,510-4,550	Denmark	13.50-13.63
Finland Markka.	7.9524-7.9866	6.4750-6.4850	France	11.56-11.58
Greek Drachma.	164.31-167.91	133.74-136.55	Germany	3.79-3.83
HongKong Dollar	9.5200-9.5300	7.7975-7.7995	Italy	2400-2445
Iran Rial	114.80*	92.75*	Japan	309-313
KuwaitDinar(KD)	0.3700-0.3710	0.30210-0.30220	Netherlands	4.27-4.31
Luxembourg Fr	76.15-76.25	62.80-62.90	Norway	10.93-11.04
Malaysia Dollar..	3.0725-3.0825	2.5165-2.5205	Portugal	206-224
New Zealand Dlr.	2.6300-2.6700	2.1598-2.1739	Spain	209-214½
Saudi Arab Riyal	4.4165-4.4235	3.6655-3.6665	Sweden	10.96-11.07
Singapore Dollar	2.7100-2.7200	2.2200-2.2250	Switzerland	3.21-3.24
Sth African Rand	2.3900-2.4024	1.9550-1.9588	United States	1.2150-1.2350
U.A.E. Dirham....	4.4945-4.4980	3.6720-3.6730	Yugoslavia	283-325

* Selling rate.

CURRENCY MOVEMENTS

Apr. 3	Bank of England Index	Morgan Guaranty Change %
Sterling	77.1	−12.8
U.S. dollar	147.1	+32.6
Canadian dollar	88.1	−6.8
Austrian schilling	111.7	+5.7
Belgian franc	89.1	−10.7
Danish Kroner	77.1	−5.4
Deutsche mark	121.4	+6.6
Swiss franc	137.6	+6.9
Guilder	111.8	+3.1
French franc	64.6	−16.7
Lira	45.3	−16.7
Yen	154.7	+11.2

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

CURRENCY RATES

April 3	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.808863	0.586118
U.S. $	8	0.987586	0.715064
Canadian $	10.65	*	0.980553
Austria Sch.	4½	21.6560	15.7171
Belgian Fr	11	61.7734	44.9775
Danish Kr	7	10.9958	8.02588
Dmark	4½	3.06922	2.23565
Guilder	5½	3.47037	2.52275
French Fr	9½	9.38798	6.82457
Lira	15½	1964.06	1425.84
Yen	5	249.908	180.985
Norway Kr	8	8.85370	6.43200
Span'h Pta	—	171.345	124.779
Swedish K	9	8.90308	6.48564
Swiss Fr	4	2.59685	1.89395
Greek Dr'ch	20½	133.473	96.6052
Irish Punt	12¾	0.987091	0.714707

* C$/SDR rate for April 2: 1.35190.

EXCHANGE CROSS RATES

April 3	Pound St'rling	U.S. Dollar	Deutschem'k	J'panese Yen	French Franc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.214	3.800	307.0	11.59	3.205	4.270	2415.	1.664	76.20
U.S. Dollar	0.824	1.	3.131	253.0	9.547	2.641	3.519	1990.	1.371	62.79
Deutschemark	0.263	0.319	1.	80.79	3.049	0.843	1.124	635.5	0.438	20.05
Japanese Yen 1,000	3.257	3.953	12.38	1000.	37.74	10.44	13.91	7866.	5.419	248.2
French Franc 10	0.863	1.047	3.280	265.0	10.	2.767	3.686	2085.	1.436	65.77
Swiss Franc	0.312	0.379	1.186	95.79	3.615	1.	1.332	753.5	0.519	23.78
Dutch Gilder	0.234	0.284	0.890	71.90	2.713	0.751	1.	565.6	0.390	17.85
Italian Lira 1000	0.414	0.502	1.573	127.1	4.797	1.327	1.768	1000.	0.689	31.55
Canadian Dollar	0.601	0.729	2.284	184.6	6.964	1.927	2.567	1452	1.	45.81
Belgian Franc 100	1.312	1.593	4.987	402.9	15.20	4.206	5.604	3169.	2.183	100.

EURO-CURRENCY INTEREST RATES (Market closing rates)

Apr. 3	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Krone
Short-term	13⅛-13⅜	8¾-8⅞	10⅛-10⅜	6¾-6⅞	3¼-3½	5¹¹⁄₁₆-5¹³⁄₁₆	10⅝-10¾	13½-14½	10-10¼	10¼-10½	6⅜-6⁷⁄₁₆	9⅞-10⅜
7 day's notice	13⅛-13⅜	8⅝-8¹¹⁄₁₆	10¼-10½	6¾-6⅞	3-3¼	5¹¹⁄₁₆-5¹³⁄₁₆	10⅝-10¾	14¼-16¼	10⅛-10⅜	10¼-10½	6⅜-6⁷⁄₁₆	10-10½
Month	13⅜-13⅛	8¾-8⅞	10⅜-10⅝	6⅝-6¹¹⁄₁₆	5¼-5⅜	5¾-5⅞	10⅝-10¾	14½-15	10¼-10½	10⅜-10½	6¼-6⅜	10¼-10¾
Three months	13⅛-13¼	9-9⅛	10⅜-10⅝	6⅝-6¹¹⁄₁₆	5⅝-5¹¹⁄₁₆	5⅞-6⅛	10⅞-11	14⅝-15⅛	10¼-10½	10⅜-10½	6⅜-6⁷⁄₁₆	10-10½
Six months	12¹³⁄₁₆-12¹⁵⁄₁₆	9⁷⁄₁₆-9⁹⁄₁₆	10⅝-10⅞	6⅞-7	5⅜-5⅝	6⅛-6¼	11⁹⁄₁₆-11¹¹⁄₁₆	15-15⅝	10⅜-10⅝	10½-10⅝	6⅜-6⁷⁄₁₆	10-10½
One year	12⅛-12¼	10¹⁄₁₆-10³⁄₁₆	10⅞-11⅛	7-7⅛	5⁵⁄₁₆-5⁷⁄₁₆	6¼-6⅜	11⅝-11⅞	15⅜-15⅞	10⅜-10⅝	10¾-11	6⁵⁄₁₆-6⁷⁄₁₆	10½-11

Asian $ (closing rates in Singapore): Short-term 8¹¹⁄₁₆-8¹³⁄₁₆ per cent; seven days 8¹¹⁄₁₆-8¹³⁄₁₆ per cent; one month 8¾-8⅞ per cent; three months 9-9⅛ per cent; six months 9⁷⁄₁₆-9⁹⁄₁₆ per cent; one year 10¼-10⅜ per cent. Long-term Eurodollars: two years 11¼-11⅜ per cent; three years 11½-11⅝ per cent; four years 11⅞-12 per cent; five years 12-12⅛ per cent nominal. Short-term rates are call for U.S. dollars and Japanese yen; others two days' notice.

MONEY MARKETS

UK rates steady in quiet trading

Interest rates showed hardly any change in London yesterday in very thin and uneventful trading. There appeared to be very little enthusiasm owing to the proximity of the Easter break. A cut of ¼ per cent in the base rate of the two remaining clearing banks to 13¼ per cent was treated with some disappointment although a relatively small reduction in short term rates would probably result in a unified 13 per cent base rate.

Three-month eligible bank bills were bid at 12⁷⁄₃₂-12¹⁹⁄₃₂ per cent compared with 12²³⁄₃₂-12¾ per cent while three-month interbank money eased slightly to 13³⁄₁₆ per cent from 13¼ per cent. Overnight interbank money opened at 13¼-13½ per cent and eased to a low in the afternoon of 9 per cent.

The Bank forecast a shortage of around £1,250m with factors affecting the market including maturing assistance and a take up of Treasury bills together draining £839m and the unwinding of previous sale and repurchase agreements a further £287m. There was also a rise in the note circulation of £140m and banks brought forward balances £70m below target. There were partly offset by Exchequer transactions which added £85m.

To help alleviate the shortage the Bank offered an early round of assistance which totalled £612m and comprised purchases of £142m of eligible bank bills in band 2 (15-33 days) at 12¾ per cent, £20m in band 3 (34-63 days) at 12⅝ per cent and £13m in band 4 (64-91 days) at 12½ per cent. It also arranged sale and repurchase agreements on £437m of bills at 12¾ per cent, unwinding on May 2. Further help in the morning came to £646m, and was made up of purchases of £12m of eligible bank bills in band 1 (up to 14 days) at 12⅞ per cent, £21m in band 2 at 12¾ per cent and £9m in band 3 at 12⅝ per cent. Sale and repurchase agreements were made on £604m of bills at 12¾ per cent, unwinding in equal amounts on April 29 and May 4.

The forecast was later revised to a shortage of around £1,200m before taking into account the early help and there was no further assistance by the Bank. Total help in the morning was £1,258m.

UK clearing banks base lending rate 13-13¼ per cent since April 3

LONDON MONEY RATES

Discount Houses Deposit and Bill Rates

Apr. 3 1985	Sterling Certificate of deposit	Interbank	Local Authority deposits	Company Deposits	Market Deposits	Treasury (Buy)	Treasury (Sell)	Eligible Bank (Buy)	Eligible Bank (Sell)	Fine Trade (Buy)
Overnight	—	9-13½	13¼-13⅜	10-13½	9-13¼	—	—	—	—	—
2 days notice	—	—	13¼-13½	—	—	—	—	—	—	—
7 days or 7 days notice	—	13-13⅛	13¼-13⅛	13½	13-13¼	—	—	—	—	—
One month	13⅛-13¼	13⅜-13⅛	13¼	13⅛-13⅜	12⅞	12¹¹⁄₁₆	12¹¹⁄₁₆	12⅞	12⅞-12¾	13½
Two months	13¼-13⅛	13¼-13⅜	13¼	13⅛	12¾	12²¹⁄₃₂	12²¹⁄₃₂	12¾	12⅞	13¼
Three months	13-12⅞	13⅛-13¼	13⅛	13⅜	12½	12⅜	12¼	12⅞-12¹⁹⁄₃₂	12⅜-12½	13⅜
Six months	12⅝-12¼	12⅞-12¹¹⁄₁₆	12½	—	—	—	—	11¹⁵⁄₁₆	11¹³⁄₁₆-11¾	12⅞
Nine months	12⅞-12⅛	12⅛-12⅞	—	—	—	—	—	—	—	—
One year	12⅞-11⅞	12⅞-12⅞	12⅛	—	—	—	—	—	—	—

	Local Auth. negotiable bonds	Local Authority Deposits	Finance House Deposits	$ Cert of Deposits	SDR Linked Deposits	ECU Linked Deposits
One month	14⅛-13¾	—	13⅜	8.65-8.75	8⁷⁄₁₆-8⁹⁄₁₆	9⅞-10
Two months	13⅞-13¼	—	15¼	8.75-8.85	8½-8¾	10-10⅛
Three months	13⅝-13¼	—	13¼	8.9-9.0	8⅝-8⅞	10¹⁄₁₆-10³⁄₁₆
Six months	13⅛-12¾	—	12⅝	9.3-9.4	8⅞-9⅛	10⅛-10¼
Nine months	12⅞-12⅝	—	12	9.6-9.7	—	—
One year	12⅝-12¼	—	12¼	10.05-10.15	9¼-9½	10³⁄₁₆-10⁵⁄₁₆
Two years	—	12	—	—	—	—
Three years	—	11⅞	—	—	—	—
Four years	—	11¾	—	—	—	—
Five years	—	11⅝	—	—	—	—

ECGD Fixed Rate Export Finance IV: Average Rate of Interest period March 6 to April 2 (inclusive): 13.618 per cent. Local authorities and finance houses seven days' notice, others seven days' fixed. Finance Houses Base Rate (published by the Finance Houses Association): 14 per cent from April 1, 1985. London and Scottish Clearing Bank Rates for lending 13-13½ per cent. London Deposit Rates for sums at seven days' notice 7.17-7.50 per cent (net). Treasury Bills: Average tender rates of discount 12.3671 per cent. Certificates of Tax Deposit (Series 6): Deposits £100,000 and over held under one month 13½ per cent; one-three months 13¼ per cent; three-six months 12¾ per cent; six-nine months 12½ per cent; nine-12 months 12 per cent. Under £100,000 11½ per cent from March 29. Deposits held under Series 5 12 per cent. The rate for all deposits withdrawn for cash 8 per cent.

MONEY RATES

April 3	Frankfurt	Paris	Zurich	Amst'dam	Tokyo	Milan	Brussels	Dublin
Overnight	5.85-5.95	10½	2⅞-3⅛	6⅞-7	6.34375	15½-15⅞	12.00	14¼-14⅛
One month	5.75-5.90	10⅝-10¾	5⁵⁄₁₆-5⁷⁄₁₆	6¹¹⁄₁₆-6¹³⁄₁₆	6.28125	15-15⅜	10⅜-10⅝	14-14¼
Two months	5.90-6.00	10⅝-10¾	—	—	—	—	—	13⅞-14⅛
Three months	6.05-6.15	10⅝-10¾	5⁷⁄₁₆-5⁹⁄₁₆	6⅞-7	6.34375	15⅜-15¾	10⅜-10⅝	13⅞-14
Six months	6.15-6.35	10⅝-10¾	—	6¹³⁄₁₆-7¹⁄₁₆	—	—	10½-10¾	13⅝-13⅞
Lombard	6.0	—	—	—	—	—	—	—
Intervention	—	10⅛	—	6⅞	—	—	—	—

MONEY RATES

NEW YORK (Lunchtime)

Prime rate	10½
Broker loan rate	9½
Fed funds	8⁷⁄₁₆
Fed funds at intervention	—

Treasury Bills

One month	7.85
Two month	8.20
Three month	8.18
Six month	8.58
One year	8.79

Treasury Bonds

Two year	100½
Three year	99
Four year	100⁵⁄₁₆
Five year	100⅝
Seven year	100⁷⁄₁₆
10 year	97⁵⁄₁₆
30 year	96⁹⁄₁₆

FT LONDON INTERBANK FIXING

(11.00 a.m. April 3)

Three months U.S. dollars	
bid 9 1/16	offer 9 3/16
Six months U.S. dollars	
bid 9 7/16	offer 9 9/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

FINANCIAL FUTURES

Eurodollars rise

A firmer trend in Euro-dollar prices provided the only interest in what was otherwise a very quiet London International Financial Futures Exchange yesterday. Values opened higher in London on the back of lower Fed funds on Tuesday. However good commission house selling saw prices touch the day's low during the morning before renewed buying developed after the start in Chicago.

Once again the firmer trend reflected a further softening in cash prices. The extent of the rise was inhibited however as the market appeared to lack sufficient conviction to break through resistance levels. Consequently most operators were content to square positions and await any fresh developments next week.

Sterling based instruments opened firmer as sterling touched its best level during the morning. However, in the absence of any real interest ahead of Easter, contracts followed the path of sterling so that a weaker trend in the afternoon pushed values lower. In addition there was some disappointment after Barclay's and Midland bank had cut their base rates by only ¼ per cent to 13¼ per cent. In the face of diminishing hopes of an early cut in interest rates from current levels, futures prices tended to drift.

LONDON

THREE-MONTH EURODOLLAR $1m points of 100%

	Close	High	Low	Prev
June	90.19	90.22	90.14	90.09
Sept	89.56	89.60	89.52	89.45
Dec	89.12	89.16	89.07	88.98
March	88.79	88.81	88.73	88.63
June	88.53	—	—	88.36

Est volume 3,457 (4,124)
Previous day's open int 16,253 (15,897)

THREE-MONTH STERLING £500,000 points of 100%

	Close	High	Low	Prev
June	88.08	88.17	88.05	88.08
Sept	88.88	88.96	88.85	88.97
Dec	88.99	89.03	89.00	89.02
March	88.98	—	—	89.02
June	88.98	—	—	89.02

Est volume 136 (1,545)
Previous day's open int 5,776 (5,869)

20-YEAR 12% NOTIONAL GILT £50,000 32nds of 100%

	Close	High	Low	Prev
June	106-00	106-17	105-31	106-12
Sept	109-25	110-12	109-26	110-06
Dec	109-28	—	—	110-10
March	109-17	—	—	109-31

Est volume 1,511 (1,821)
Previous day's open int 2,825 (3,009)
Basis quote (clean cash price of 13¾% Treasury 2003 less equivalent price of near futures contract) −24 to −12 (32nds)

STERLING £25,000 $ per £

	Close	High	Low	Prev
June	1.2105	1.2210	1.2081	1.1990
Sept	1.2045	1.2148	1.2080	1.1936
Dec	1.2025	—	—	1.1915

Est volume 398 (79)
Previous day's open int 6,513 (6,505)

DEUTSCHE MARKS DM 125,000 $ per DM

	Close	High	Low	Prev
June	0.3215	0.3246	0.3211	0.3198
Sept	0.3243	—	—	0.3228

Est volume 47 (49)
Previous day's open int 215 (235)

SWISS FRANCS SwFr 125,000 $ per SwFr

	Close	High	Low	Prev
June	0.3802	—	—	0.3793

Est volume nil (nil)
Previous day's open int 157 (157)

JAPANESE YEN Y12.5m $ per Y100

	Close	High	Low	Prev
June	0.3969	0.3972	0.3972	0.3957
Sept	0.4000	—	—	0.3988

Est volume 2 (nil)
Previous day's open int 567 (567)

FT-SE 100 INDEX £25 per full index point

	Close	High	Low	Prev
June	127.65	128.75	127.60	129.00
Sept	129.10	—	—	129.80

Est volume 686 (848)
Previous day's open int 1,113 (1,133)

U.S. TREASURY BONDS 8% $100,000 32nds of 100%

	Close	High	Low	Prev
June	69-08	69-15	69-08	69-13
Sept	68-10	—	—	68-15

Est volume 787 (385)
Previous day's open int 3,067 (3,030)

CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
June	69-09	69-15	69-08	69-11
Sept	68-11	68-18	68-08	68-13
Dec	67-17	67-22	67-15	67-19
March	—	—	—	66-27
June	66-03	66-08	66-01	66-05
Sept	65-15	65-15	65-13	65-17
Dec	—	—	—	64-31
March	—	—	—	64-15
June	—	—	—	64-01
Sept	—	—	—	—
Dec	—	—	—	63-09

U.S. TREASURY BILLS (IMM) $1m points of 100%

	Latest	High	Low	Prev
June	91.35	91.39	91.33	91.36
Sept	90.85	90.89	90.83	90.85
Dec	90.46	90.50	90.44	90.46
March	—	90.18	90.15	90.16
June	89.95	—	89.95	89.96
Sept	—	—	89.76	89.77
Dec	89.58	—	89.58	89.61
March	—	—	—	89.46

CERT DEPOSIT (IMM) $1m points of 100%

	Latest	High	Low	Prev
June	—	90.62	90.54	90.57
Sept	89.94	89.99	89.91	89.97
Dec	89.46	89.47	89.42	89.48
March	89.11	89.12	89.07	89.13

THREE-MONTH EURODOLLAR (IMM) $1m points of 100%

	Latest	High	Low	Prev
June	90.17	90.22	90.13	90.17
Sept	89.54	89.59	89.51	89.55
Dec	—	89.13	89.04	89.09
March	—	88.77	88.69	88.74
June	88.44	88.49	88.42	88.47
Sept	88.20	88.22	88.19	88.23
Dec	—	—	—	—
March	—	87.78	87.78	87.72

STERLING (IMM) $e per £

	Latest	High	Low	Prev
June	1.2060	1.2165	1.2000	1.2135
Sept	1.1990	1.2090	1.1920	1.2075
Dec	1.2000	1.2070	1.1930	1.2065

GNMA (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
June	69-06	69-10	69-05	69-06
Sept	68-16	68-17	68-16	68-15
Dec	67-31	—	—	67-27
March	—	—	—	—
June	—	—	—	68-25
Sept	—	—	—	68-11

Analysis of bank advances and acceptances

to UK residents by reporting institutions in the UK at February 20, 1985 (Table 5, Bank of England Quarterly Bulletin)

£m

INDUSTRIAL DETAIL

		Total to UK residents	Agriculture, forestry and fishing	Oil and extraction of natural gas	Other energy industries	Water supply	Total manufacturing	Extraction of minerals and ores	Metal manufacturing	Mineral products
All banks (amounts outstanding) (sterling and other currencies)										
Loans and advances	1984 Nov 21	137,127	5,429	3,607	1,910	150	21,077	522	1,242	741
	1985 Feb 20	148,557	5,320	4,144	2,270	396	21,906	544	1,356	822
Acceptances	1984 Nov 21	11,478	65	389	211	—	5,320	248	417	185
	1985 Feb 20	13,043	66	381	183	1	6,421	242	374	159
Total	1984 Nov 21	148,605	5,495	3,996	2,121	150	26,397	770	1,660	926
	1985 Feb 20	161,500	5,386	4,525	2,452	397	28,327	786	1,730	980
of which in sterling	1984 Nov 21	113,589	5,469	1,673	1,297	42	20,763	551	1,194	581
	1985 Feb 20	118,549	5,362	1,607	1,511	49	21,322	517	1,146	591
Changes in total lending in three months ended:										
In sterling	1984 Nov 21*	+5,982	−132	+199	+531	+12	+1,547	+102	+130	+29
	1985 Feb 20‖	+4,960	−107	−66	+214	+7	+559	−34	−48	+10
In other currencies†	1984 Nov 21*	+1,724	−3	−28	+95	+38	+202	−173	+120	−8
	1985 Feb 20‖	+3,651	−4	+301	+18	+216	+662	+22	+59	+4
Group detail (total outstanding) (sterling and other currencies)										
Retail banks	1984 Nov 21	70,428 (of which in sterling 66,432)	5,281	586	280	14	12,878	259	695	361
	1985 Feb 20	75,165 (of which in sterling 69,316)	5,176	699	321	17	12,600	250	729	394

		Chemical industry	Mechanical engineering	Electrical engineering	Motor vehicles	Other transport equipment‡	Other engineering and metal goods	Food, drink and tobacco	Textiles, leather, clothing and footwear	Other manufacturing
All banks (amounts outstanding) (sterling and other currencies)										
Loans and advances	1984 Nov 21	1,546	1,588	2,463	605	1,560	1,760	3,597	1,388	4,065
	1985 Feb 20	1,698	1,742	2,739	537	1,298	1,678	3,564	1,543	4,386
Acceptances	1984 Nov 21	465	248	608	516	63	199	1,215	158	997
	1985 Feb 20	797	184	836	648	83	261	1,483	201	1,155
Total	1984 Nov 21	2,010	1,837	3,071	1,120	1,623	1,959	4,812	1,546	5,062
	1985 Feb 20	2,495	1,926	3,575	1,185	1,381	1,939	5,046	1,744	5,541
of which in sterling	1984 Nov 21	1,537	1,546	2,404	1,018	1,267	1,673	3,733	1,329	3,930
	1985 Feb 20	1,862	1,577	2,847	1,075	976	1,623	3,702	1,417	3,990
Changes in total lending in three months ended:										
In sterling	1984 Nov 21	+109	+110	+510	−55	+104	−160	+684	−30	+14
	1985 Feb 20	+325	+31	+443	+57	−291	−50	−31	+88	+60
In other currencies†	1984 Nov 21	+59	+24	+118	−8	+3	+32	−16	−11	+61
	1985 Feb 20	+99	+23	−19	−5	+6	−5	+130	+80	+269
Group detail (total outstanding) (sterling and other currencies)										
Retail banks	1984 Nov 21	594	1,042	1,334	475	880	1,186	1,868	951	2,232
	1985 Feb 20	796	1,134	1,609	492	568	1,211	2,020	1,042	2,355

		Construction	Retail motor trades	Other retail distribution	Wholesale distribution	Hotels and catering	Air transport	Other transport	Postal services and telecommunications
All banks (amounts outstanding) (sterling and other currencies)									
Loans and advances	1984 Nov 21	4,394	1,930	5,054	7,572	3,014	702	2,710	220
	1985 Feb 20	4,767	2,019	5,046	8,744	3,270	767	2,856	279
Acceptances	1984 Nov 21	216	75	662	1,379	65	3	101	64
	1985 Feb 20	190	78	663	1,641	66	3	72	25
Total	1984 Nov 21	4,609	2,006	5,716	8,951	3,079	705	2,811	284
	1985 Feb 20	4,957	2,097	5,709	10,385	3,336	770	2,928	303
of which in sterling	1984 Nov 21	4,243	1,926	5,566	4,657	2,649	221	1,906	133
	1985 Feb 20	4,476	2,002	5,462	5,275	2,857	243	1,903	115
Changes in total lending in three months ended:									
In sterling	1984 Nov 21	+198	+11	+309	+285	+149	+23	+113	+7
	1985 Feb 20	+233	+76	−104	+618	+208	+22	−3	−18
In other currencies†	1984 Nov 21	−6	+6	−50	−239	+72	−121	+61	−11
	1985 Feb 20	+67	+5	+74	+287	−1	−14	+11	+19
Group detail (total outstanding) (sterling and other currencies)									
Retail banks	1984 Nov 21	3,299	1,283	4,214	2,474	2,054	108	1,140	53
	1985 Feb 20	3,620	1,361	4,259	2,876	2,255	310	1,251	52

		Building societies§	Investment and unit trusts	Insurance companies and pension funds	Leasing companies	Other financial¶	Central and local government services	Property companies	Hiring of movables	Business and other services¶	Bridging finance for house purchase	Other house purchase	Other advances to persons
All banks (amounts outstanding) (sterling and other currencies)													
Loans and advances	1984 Nov 21	1,420	2,433	2,229	3,867	17,280	2,138	5,378	587	9,981	828	16,091	17,126
	1985 Feb 20	1,516	3,002	2,567	4,346	19,718	2,189	5,816	649	11,652	779	16,779	17,758
Acceptances	1984 Nov 21	—	52	19	642	1,708	17	42	99	349	—	—	—
	1985 Feb 20	—	53	11	614	2,072	14	33	64	394	—	—	—
Total	1984 Nov 21	1,420	2,485	2,248	4,508	18,988	2,155	5,420	687	10,329	828	16,091	17,126
	1985 Feb 20	1,516	3,056	2,578	4,961	21,791	2,203	5,849	712	12,045	779	16,779	17,758
of which in sterling	1984 Nov 21	1,420	545	760	4,301	6,815	1,763	4,943	659	7,885	828	16,083	17,043
	1985 Feb 20	1,516	613	806	4,746	7,521	1,764	5,289	690	8,230	779	16,771	17,639
Changes in total lending in three months ended:													
In sterling	1984 Nov 21	+314	−64	+83	+325	+226	+13	+193	+45	+265	−36	+700	−667
	1985 Feb 20	+96	+68	+46	+445	+706	+1	+346	+31	+345	−49	+688	+596
In other currencies†	1984 Nov 21	—	−1	−40	+120	+925	+53	−2	−5	+645	—	—	+12
	1985 Feb 20	—	+257	+100	−17	+708	—	+24	−9	+1,024	—	−1	+24
Group detail (total outstanding) (sterling and other currencies)													
Retail banks	1984 Nov 21	164	824	532	1,199	1,494	716	2,739	267	5,687	797	10,564	12,781
	1985 Feb 20	136	929	1,141	1,301	1,895	646	2,943	301	6,050	750	11,013	13,264

* Changes in the reporting population at mid-November accounted for some £20 million (net) of the increase in total sterling lending and some £5 million (net) of the increase in total other currency lending.
† Adjusted for exchange rate effects.
‡ Includes lending under the DTI special scheme for domestic shipbuilding.
§ Includes sterling time deposits placed with, and holdings of sterling certificates of deposit issued by, building societies.
¶ Figures for November are affected by a reclassification for "other financial" to "other services," the latter also includes secured money placed with money brokers and gilt-edged jobbers.
‖ Changes in the reporting population at mid-February accounted for some £30 million (net) of the increase in total sterling lending and some £5 million (net) of the increase in total other currency lending.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for April 3.

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amex Credit 12⅝ 88	150	† 101⅝	102⅛	−0¼	+0⅛	11.88
Austria Rep 13⅝ 92	100	106	106½	−0⅛	+0⅜	12.24
Bank Of Tokyo 12⅝ 92	100	100⅛	100⅝	0	+0¾	12.52
Bank of Tokyo 13⅝ 91	100	105¼	105¾	−0⅛	+0⅞	12.28
BP Capital 11⅛ 92	150	95¾	96¼	0	+1¼	12.00
Caisse Nat Tele 13¾ 91	100	105½	106	0	+0⅝	12.34
Canadian Pac 12½ 99	75	102⅛	102⅝	0	+0½	12.12
CBS Inc 11⅜ 92	100	96⅝	97⅛	0	+0⅞	11.99
Chevron U.S.A. 12¼ 89	600	100¼	100¾	−0⅛	+0¼	12.05
Creditanstalt 13⅛ 91	100	101¾	102¼	+0⅛	+0⅛	12.62
Denmark Kingdom 11½ 92	100	95⅞	96⅜	0	+0¾	12.36
Denmark Kingdom 13 91	100	102¼	102¾	−0¼	+0⅜	12.37
Denmark Kingdom 13¼ 91	100	† 102⅞	103⅜	−0⅜	+0⅜	12.47
Denmark 13⅞ 88 XW	100	104⅜	104⅞	0	+0¼	12.05
Denmark Kingdom 14 91	100	105⅞	106⅛	−0⅛	+0¼	12.52
E.E.C. 11⅛ 90	100	97⅜	97⅞	0	+1	11.77
E.I.B. 13 96	200	102⅜	102⅞	0	+0⅞	12.62

	Issued	Bid	Offer	Change on day	Change on week	Yield
Toronto Dom Bk 12½ 88	100	†* 100	100½	−0¼	+0¼	12.39
Walt Disney Pro 12½ 87	150	† 102	102½	+0⅛	+0½	11.33
Weyerhaeuser 12¼ 87	150	101¼	101¾	+0⅛	+0½	11.46
World Bank 12¼ 94	150	101⅛	101⅝	+0⅛	+1⅛	11.97
World Bank 12⅞ 94	200	104	104½	+0¼	+1½	12.09

Average price change On day 0 on week + 0⅝

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev Bank 8 94	200	101	101½	0	+0⅛	7.80
Austria Republic 7⅝ 94	200	100	100½	0	0	7.58
Baxter Travenol 7¼ 94	200	98¾	99¼	+0⅛	+0⅜	7.40
Credit National 8⅛ 94	200	102	102½	0	+0¼	7.76
Degussa Int Fin 7½ 94	100	100¾	101¼	−0⅛	0	7.34
E.E.C 8 92	200	101½	102	−0⅜	−0¼	7.65
Escom 8 92	150	102	102½	+0⅞	+2	7.57
Ferrovie Dello Stato 8 91	100	102	102½	+0⅛	+1⅛	7.52
Finland Republic 7 92	200	96¾	97¼	−0⅛	0	7.57
Gould Int Fin 7⅝ 91	100	101	101½	+0½	+0⅜	7.36

OVER-THE-COUNTER

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New York Active Stocks

TORONTO

CAPITAL MARKETS

South African rand joins ranks of Eurobond currencies

BY MAGGIE URRY IN LONDON

ATTENTION in the Eurobond market was again turned towards the more exotic currency sectors yesterday. And a new currency – the South African rand – joined the market.

The South African electricity supply commission (Escom), which has recently tapped the D-Mark market, launched a R50m private placement led by Bayerische Hypotheken und Wechsel Bank. The bonds have a five-year maturity and a 16 per cent coupon.

The issue was placed at varying prices, but was quoted at 99¼ offered, where the yield is 16.23 per cent. Demand was seen mainly from private investors in West Germany. Permission had to be gained from the South African authorities before the deal could be launched.

Swiss Bank Corporation International launched, and quickly increased, a European Currency Unit issue for Rabobank, the Dutch banking group. Coupons in this sector have been falling of late, and this Ecu 75m deal (upped from Ecu 50m) has a 9⅝ per cent coupon for its 10-year life.

Even after the increase, the issue traded well inside the 1¼ per cent selling concession – at around 99¾ compared with a par issue price.

Chrysler Credit Canada followed Hydro-Quebec into the Canadian dollar market with a C$60m issue led by Orion Royal Bank. The seven-year bonds pay a 12⅝ per cent coupon and have a par issue price. With the market quiet prior to the Easter holiday, trading in the issue was subdued, at a level around the total fees of 1⅞ per cent.

A fourth borrower has launched a Euroyen convertible issue. Sekisui House is raising Y15bn through a 10-year deal led by Nikko Securities. The expected coupon is 2½ per cent and conversion premium 5 per cent. The issue traded around the 1½ per cent selling concession.

OKB, the Austrian export bank, launched a Y20bn Samurai issue through Nomura Securities. It has a 10-year life, a 7.3 per cent coupon and 99.60 issue price.

The Eurodollar bond market was quiet yesterday, with prices drifting lower after the New York bond market opened weaker.

BHF Bank bond average		
April 3 101.077		Previous 101.003
High 102.860	1985	Low 99.840

Two floating rate note issues for Korean borrowers – Hanil Bank and Goldstar – were launched, though these are expected to trade mainly in south east Asia. Hanil Bank is raising $50m through a 10-year deal led by Bankers Trust (Asia). This will pay interest six-monthly at the higher of ⅛ per cent over six-month London interbank offered rate (Libor) or ⅛ per cent over 1 month Libor. Fees total 1½ per cent.

Goldstar, the electronics group, launched a $30m 15-year issue through Baring Brothers. This has elements of a syndicated loan – investors can redeem the issue after three, six, nine or 12 years, but will be paid an extension fee if they stay with the bonds. The coupon will be fixed at ¼ per cent over six month Libor, and front-end fees total 1⅛ per cent.

A firmer tone was noticeable in European continental bond markets, though turnover was low ahead of the holiday.

In the Swiss franc foreign bond market, UBS set the final terms for the Kansai Electric Power SwFr 150m public issue. The coupon was set at 5⅛ per cent and the maturity at 10 years. Dealers said that a shorter maturity or a higher coupon with a longer life would have been preferred, although the issue was going fairly well.

Credit Suisse set a 3 per cent coupon for Toko's SwFr 70m issue with equity warrants – the lowest coupon yet for such a deal, and down from an indicated 3⅛ per cent.

Nikko (Switzerland) lowered the coupon for Takasago Thermal Engineering's SwFr 40m convertible issue from 1⅞ per cent to 1⅝ per cent. Issue price is par.

Deere raises $600m in short-term notes

BY PETER MONTAGNON IN LONDON

DEERE & Company, the U.S. farm equipment producer, is raising $600m in the Euromarkets through a five-year note issuance facility led by Merrill Lynch.

The facility allows either Deere or its finance subsidiary, John Deere Credit, to raise funds through the sale of short-term Euronotes maturing in periods of up to six months. Alternatively, it can offer medium-term fixed or floating rate bonds in dollars or sterling.

The short-term Euronotes will bear an effective maximum yield of 22½ basis points over the London interbank offered rate for Eurodollar deposits, while underwriting banks will receive an annual facility fee of 15 basis points for the first three years, rising to 17½ points for the remaining two.

Rumours of a major borrowing for Deere have been circulating in the Euromarkets for several days, but its launch yesterday coincided with a move by the Bank of England to impose tougher accounting standards on off-balance sheet risks. This could push up the commitment fees required by banks underwriting such note issuance facilities.

Merrill Lynch believes, however, that the relatively high commitment fee already agreed by Deere means that its deal should not be affected by the Bank of England measure.

"Banks were in any event assigning some internal (capital) weighting to these underwriting commitments and we bore that in mind when pricing this transaction," a Merrill Lynch spokesman said.

The facility incorporates a transferability provision which means that underwriters can sell their commitments on in the secondary market, while there is also provision for Deere to draw immediate cash advances under a swing line. Such advances would bear interest at a margin of 22½ basis points over New York money market rates.

Though Deere is not viewed as a particularly attractive credit in the Euromarkets because of its involvement in the deeply troubled U.S. farm sector, its long-term debt is rated single A by Standard & Poors' and A2 by Moody's.

● Bank of Tokyo International and Manufacturers Hanover have won a hotly-contested mandate to lead a $230m loan package for Spain's Autopistas del Atlantico. The deal is to be split in two with a floating rate note guaranteed by the Kingdom of Spain and a credit guaranteed by the state motorway company.

Terms are not being disclosed until the floating rate note is launched, probably next week.